

## **Catalyzing Financial Sustainability of the Protected Area System in Montenegro**

GEF-ID 3947 · PIMS 4279

Terminal Evaluation  
April – May 2015

Montenegro

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22 May 2015

## Catalyzing Financial Sustainability of the Protected Area System in Montenegro

<b>UNDP Project IDs</b>	GEF-ID 3947
<b>GEF Project ID</b>	PIMS 4279
<b>Funding Source</b>	GEF Trust Fund
<b>Project type</b>	Medium-sized project
<b>Evaluation time frame</b>	April – May 2015
<b>Country</b>	Republic of Montenegro
<b>GEF-4 Strategic Program</b>	SP-2 Increasing Representation of Effectively Managed Marine Protected Areas in Protected Area Systems SP-3 Strengthening Terrestrial Protected Area Networks
<b>Principal Implementing Partner</b>	Ministry of Sustainable Development and Tourism (former: Ministry of Tourism and Environmental Protection)
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<b>Acknowledgements</b>	The authors of the terminal evaluation would like to express their gratitude to all project stakeholders whom they have met and interviewed during the project terminal evaluation mission in Montenegro in April 2015 and who generously provided their views and opinions on project results and impacts. The authors would like to express their thanks in particular to the Project Team Leader, Mr. Borko Vulikic, to Project Coordinator, Maja Kustudic Asanin and to the UNDP Economy and Environment Team (Sanja Bojanic, and Jelena Janjusevic), who provided all requested information and logistical support during the evaluation mission. The cooperation with the office of UNDP Montenegro, the project implementing partners, and all project team was effective, and the evaluator received all information requested.

## Table of Contents

Acronyms and Abbreviations .....	5
Executive Summary .....	6
1. Introduction.....	11
1.1 Purpose of the Evaluation .....	11
1.2 Scope and Methodology .....	11
1.3 Structure of the Evaluation Report .....	12
2. Project Description and Development Context .....	13
2.1 Project Start and Duration .....	13
2.2 Problems that the Project Sought to Address.....	13
2.3 Immediate and Development Objectives of the Project .....	13
2.4 Baseline Indicators Established .....	14
2.5 Main Stakeholders.....	15
2.6 Expected Results .....	15
3. Findings.....	17
3.1 Project Design / Formulation .....	17
Analysis of the Project Results Framework.....	17
Analysis of Assumptions and Risks .....	19
Lessons from Other Relevant Projects .....	19
Planned Stakeholder Participation.....	20
Replication Approach .....	20
UNDP Comparative Advantage .....	20
Linkages between Project and other Interventions within the Sector .....	21
Management arrangements .....	21
3.2 Project Implementation .....	22
Adaptive Management and Feedback from M&E Activities Used for Adaptive Management .....	22
Partnership Arrangements and Project Ownership .....	23
Project Finance .....	24
Monitoring and Evaluation: Design at Entry and Implementation .....	26
UNDP and Implementing Partner Implementation / Execution Coordination, and Operational Issues .....	27

3.3 Project Results .....	28
3.3.1 Attainment of Outputs .....	28
3.3.2 Attainment of the Targets of Project Indicators .....	38
3.3.3 Attainment of OECD/DAC and Other Evaluation Criteria .....	40
4. Conclusions, Recommendations & Lessons .....	47
<b>Annexes</b> .....	50
Annex A. Terms of Reference .....	51
Annex B. Mission Itinerary and List of Persons Interviewed.....	52
Annex C. List of Documents Reviewed .....	54
Annex D. Project Budget .....	56
Annex E: Capacity development score for protected areas system .....	58
Annex F: Evaluation Consultant Agreement Form.....	79

## Acronyms and Abbreviations

APR	Annual Project Report
AWP	Annual Work Plan
CD	Capacity development
CO	UNDP Country Office
EPA	Environmental Protection Agency
EPF	Environmental Protection Fund
IDF	Investment Development Fund
LNP	Law on National Parks
LogFrame	Logical Framework (Project Results Framework)
METT	Management Effectiveness Tracking Tool
MTE	Mid-term Evaluation
MSDT	Ministry of Sustainable Development and Tourism (previously: Ministry of Spatial Planning and Environment)
NBSAP	National Biodiversity Strategy and Action Plan
NEX	National Execution
NPAFP	National Protected Area Financial Plan
PAF	Project “Catalyzing Financial Sustainability of the Protected Area System in Montenegro” (“the Project”)
PAS	Project “Strengthening the Sustainability of the Protected Areas System of the Republic of Montenegro”
PENP	Public Enterprise National Parks
PES	Payment for Ecosystem Services
PIR	Project Implementation Review
PM	Project Manager
PPG	Project Preparation Grant
PRF	Project Results Framework (Logical Framework)
ProDoc	Project Document
PSC	Project Steering Committee
TE	Terminal Evaluation
TEV	Total Economic Value

## Executive Summary

### Project Summary Table

Project Title	Catalyzing Financial Sustainability of the Protected Area System in Montenegro			
GEF Project ID	GEF-ID 3947		at endorsement	at completion
UN Project ID	PIMS 4279	GEF financing	US\$ 950,000	US\$ 950,000
Country	Montenegro	IA/EA own	US\$ 40,000	US\$ 40,000
Region	Europe and Central Asia	Government (in kind)	n/a	n/a
Focal Area	Biodiversity	Other	US\$ 6,925,000	n/a
FA Objectives (OP/SP)	Strategic Objective SO-1	Total co-financing	US\$ 40,000	US\$ 40,0090
Executing Agency	UNDP (DIM Modality)	Total Project Cost	US\$ 990,000	US\$ 990,000
Other Partners involved	Ministry of Sustainable Development and Tourism	ProDoc Signature	May 2010	
		Operational Closing	Proposed: 31 May 2013	Actual: 31 May 2015

### Brief Project Description

Montenegro is considered as one of the most floristically diverse areas of the Balkan Peninsula. It has a species-area index for its vascular flora of 0.837, the highest of all European countries. It also forms part of the Mediterranean Basin 'biodiversity hotspot', one of 153 centres of globally significant floral diversity. The coastal region of Montenegro and its hinterland – in particular the Skadar Lake, Lovćen and Prokletije – are considered the most significant centres of biodiversity of reptiles and amphibians on the Balkan Peninsula and in Europe. With 204 nesting bird species, Montenegro has a species-area index for breeding birds of 0.557, considerably higher than the figure for the entire Balkans (0.435). Lake Skadar, shared with Albania, is one of the most important wintering sites for waterfowl in Europe. Sixty five species of terrestrial mammals have been recorded within the territory of Montenegro. The national Protected Area System covers over 150,000 ha, or more than 10 per cent of the territory. The total funding available for the planning and administration of the Protected Area system was estimated at project begin to be at least 50% below what is required for its effective management. With the expansion of the PAS, this funding gap was expected to increase even further.

The Project was designed to focus at two levels of intervention: (i) the national PA system level, through working with different public institutions and agencies in order to develop and strengthen their capacity to effectively secure and administer funds for the protected area system; and (ii) the level of individual protected areas in northern Montenegro, through working with a range of stakeholder groups to diversify and increase the available funding to, and develop more cost-efficient systems for management and administration of funds for those protected areas. For this purpose, the Project aimed to achieve outcomes in the following fields: (1) Enabling legal and policy environment for improved PA financial sustainability, (2) Securing revenue streams for the PA system, and (3) Development of institutional and individual capacity of PA institutions to raise PA management cost-effectiveness.

## Context and purpose of the evaluation

The objective of the Evaluation was to assess the achievement of the project objective, the affecting factors, the broader project impact and the contribution to the general goal/strategy, and the project partnership strategy. The evaluation focused on the following aspects: Project design and its relevance, performance, timeliness and management arrangements, monitoring and evaluation, and overall success with regard to the criteria of impact, global environmental benefits, sustainability, effectiveness, and efficiency.

## Evaluation approach and methods

The method for conducting the terminal evaluation used the following basic tools: documentation reviews and in-country stakeholder interviews. Project achievements were measured based on the Project Results Framework (Logical Framework), which provided performance and impact indicators for project implementation along with their corresponding ways of verification. Using results of the Capacity Development (CD) scorecard, the TE assessed the sustainability of the progress made in developing capacities for managing protected areas. In addition to a descriptive assessment, the rating system was applied to assess project relevance, effectiveness and efficiency, as well as the quality of M&E systems.

## Main conclusions and lessons learnt

The general overall project strengths and shortcoming are summarised in the table below.

Strengths	Shortcomings
The Project delivered all outputs designed in the Project Document, even though often in a modified form to meet the specific requirements.	National project ownership was not sufficient; the project was implemented in UNDP's DIM modality and while UNDP accepted the role of an efficient implementer and executor, national PA institutions often too much relied on UNDP.
There was a high level of attainment of the outcomes and the project objective.	Project dealt only with the income side from protected areas, hardly with the biodiversity values and the costs for protecting them effectively.
The Project has good overall achievements in the field of capacity building for PA institutions.	Many measures remained on the level of feasibility studies, assessments, concept papers, etc. without practical implementation.
Project focused on central elements such as Payment for Ecosystem Services (PES) and tourism concessioning and came to clear conclusions what is needed to put these instruments into practice.	None of the pilot measures could be completed in the sense that they bring now concrete, tangible economic benefits.
The project pursued modern concepts such as participation of local communities, decentralisation of the management of natural resources,	There was weak coordination with other UNDP/GEF operations which work in the same region also with the financial sustainability of

enhancing local ownership, etc.	protected areas.
Despite severely delays in project implementation especially at the beginning (whose reasons are thought to be beyond the responsibility of the project), the project managed to deliver all results in a timely and cost-effective way.	Whereas capacity development was pursued in a comprehensive approach, the measures did not follow a systematic approach for the individual PA institutions. The efforts were therefore not focused enough.
The Project attempted to create economic incentives for the conservation of biodiversity.	The Project failed to develop an exit strategy to offer solutions how to follow-up project measures. In the absence of such a strategy, there is a risk that some of the measures (e.g. in the field of tourism development) will not be sustainable.

As most of the measures were either planned from the beginning to have short-term impact only or to be only a contribution to a much bigger goal which is far beyond the responsibility of the project, the evaluators do not feel comfortable to assess sustainability thoroughly. Nevertheless, it is evident that there are significant risks, which are, however, beyond project responsibility.

### Main Recommendations

- The design of such projects should be less ambitious; it should be clearly outspoken that pilot measures are a tool for learning, and that one cannot expect from pilot measures wider impacts (e.g. on national level).
- More responsibility for managing such projects should be given to national institutions; it needs to be avoided that the project carries out tasks which are actually tasks of the national governmental project partners (substitute performance).
- More attention needs to be given to proper project designs; it needs to be avoided that the project takes responsibility e.g. for the adoption of regulatory instruments rather than only for the preparation of the necessary documentation; also more attention needs to be given to the question whether the planned outcome of the project can actually be derived from the outputs foreseen.
- Such projects – medium-sized projects with a limited financial and time horizon – need an exit strategy which defines responsibilities for following-up project measures and which enhance the probability to become sustainable.

Further to these main recommendations, the TE elaborated in cooperation with the TE of the PAS project the following specific recommendations regarding overall CD activities:

**Link capacity development implementation activities with baseline findings:** The project addressed recommendations to assist institutions in improving the institutions' adaptability to change, creating preconditions for political dialogue, and public support. Huge effort was invested in improving skills for PA management and planning, including establishment of a representative PAs and establishment of partnerships with various stakeholders to achieve protection objectives. On the other side, rec-



ommendations on improving transparency and accountability of PA institutions, improving leadership in PA institutions, motivation, opportunities for continued staff development, develop appropriate values, integrity and attitudes among PA staff, and development of systems to measure individual performances and mechanisms for internal monitoring and evaluation were inadequately addressed through the project activities.

**Integrate capacity development indicators to monitor progress made:** Capacity development indicators are the primary operational targets of any capacity development programme, set to guide the identification of specific measures for inducing the process of change toward achieving the development goal. They represent the tool which assures signals for any immediate or gradual modification of the action. Therefore, they should be firmly assimilated in project implementation tracking tool in close collaboration and communication with project beneficiaries.

**Ensure ownership over the capacity development activities:** Capacity development efforts should be defined by strong consensus among stakeholders and owned by the leaders of key beneficiaries involved in the project. The principal goal should be well defined, and its economic and social value clearly articulated and understood, because it determines the purpose and direction of capacity development efforts. The value of capacity development activities should be enunciated in a way that project partners/beneficiaries/stakeholders recruit their awareness and potentials to capitalize on raising their capacities and thereafter initiate and lead changes in approaches towards capacity development at the institutional level.

**Understand capacity development as continuous process:** Stakeholders need to create learning mechanisms that allow information to be absorbed, accumulation of knowledge products and identification of knowledge to be shared. The project should insist on providing a wide platform of information and knowledge sharing between all stakeholders from all levels (central, local) and from all sectors (public, private and NGO). Also, stakeholders need to develop mechanisms to record, monitor, evaluate and direct further capacity development efforts.

**Provide the necessary resources for capacity development:** In order to make the capacities sustained and cultivated further, the project should raise awareness on the necessity for investment into knowledge. Responsiveness towards external opportunities rely strongly on internal skills to better manage, plan, execute strategies, raise funds, advocate for common interest, etc. and ultimately provide sustainable growth of their institutions and consequently PAs.

**Take care for shared decision-making for capacity development:** Not only institutions should define capacity development needs and decide on their amplification, but it should be a systemic effort approached both horizontally and vertically and in communication with other key stakeholders at the field. Flexible but functional multi-stakeholder structures (including private sector and NGOs) should be established in future to steer the project implementation that would provide for both raising capacities and assure accountability of individuals from key institutions. Also, institutions should develop systems for regularly investigating and assessing the capacity gaps of their staff.

**Define the specific needs for capacity development:** Namely, based on the previous analysis, projects should unambiguously define which capacities should be raised, for what concrete purpose, as well as target individuals who needs capacity increase.

**Rating Summary Table**

<b>1. Monitoring and Evaluation</b>	<b><i>rating</i></b>	<b>2. IA&amp; EA Execution</b>	<b><i>rating</i></b>
• M&E design at entry	HS	• Quality of UNDP Implementation	S
• M&E Plan Implementation	MS	• Quality of Execution - Executing Agency	S
• Overall quality of M&E	S	• Overall quality of Implementation / Execution	S
<b>3. Assessment of Outcomes</b>	<b><i>rating</i></b>	<b>4. Sustainability</b>	<b><i>rating</i></b>
• Relevance	R	• Financial resources	ML
• Effectiveness	S	• Socio-political	ML
• Efficiency	S	• Institutional framework & governance	ML
• Impact	M	• Environmental	ML
• Overall Project Outcome	S	• Overall likelihood of sustainability	ML

## **1. Introduction**

### **1.1 Purpose of the Evaluation**

As a standard requirement for all UNDP implemented, GEF financed projects, this Terminal Evaluation (TE) has been initiated by UNDP. In the “Guidance for Conducting Terminal Evaluations of UNDP-Supported, GEF-Financed Projects (2012)”, such evaluations are defined to have the following complementary purposes:

- To promote accountability and transparency, and to assess and disclose the extent of project accomplishments;
- To synthesize lessons that can help to improve the selection, design and implementation of future GEF-financed UNDP activities;
- To provide feedback on issues that are recurrent across the UNDP portfolio and need attention, and on improvements regarding previously identified issues;
- To contribute to the overall assessment of results in achieving GEF strategic objectives aimed at global environmental benefit; and
- To gauge the extent of project convergence with other UN and UNDP priorities, including harmonization with other UN Development Assistance Framework (UNDAF) and UNDP Country Programme Action Plan (CPAP) outcomes and outputs.

In accordance with the UNDP partnership protocol with the GEF, all GEF-financed projects must receive a final (terminal) evaluation including, at a minimum, ratings on a project's relevance, effectiveness, efficiency, and monitoring and evaluation implementation, plus the likelihood that results (outputs and outcomes) can be sustained.

### **1.2 Scope and Methodology**

The evaluation has been conducted in accordance with the most recent (2012) “UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF-financed Projects” by framing the evaluation effort using the criteria of relevance, effectiveness, efficiency, sustainability and impact. In conducting the evaluation, the UNEG Ethical Guidelines for Evaluation have also been fully respected (see Annex).

As outlined in the ToR of the assignment, the evaluation shall provide evidence-based information that is credible, reliable and useful by following a participatory and consultative approach ensuring close engagement with the key counterparts. Field visits during the evaluation mission were organized in Podgorica, Kolašin, Andrijevica, Plužine, Tivat and other localities (protected areas) with corresponding meetings with key project stakeholders and beneficiaries. Key interview partners were representatives of the following organisations:

- Ministry for Sustainable Development and Tourism,
- Agency for Environment Protection,
- Public Enterprise National Parks of Montenegro,
- Municipalities of Kolašin, Andrijevica, Plužine, Tivat, and
- NGO Natura.

A complete list of the persons interviewed is presented in the Annex of this evaluation report.

In addition, other relevant sources of information were reviewed such as the original project document, project inception report and annual project implementation reviews, mid-term evaluation and related management response, annual financial reports as well as technical reports and documents produced in the frame of the project. The documents were uploaded to the internet (dropbox) so that the consultants could get easy access. A complete list of the reviewed documents is presented in the Annex of this evaluation report.

The Mid-term Evaluation (MTE) Report was used in particular as an important information source. Issues already addressed in the MTE are reviewed and summarised here, but are usually not given again in full length.

The rating scale is consistent with the UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF-financed projects, as summarised in the table below.

Criteria	Ratings		
Outcomes	6	HS	Highly Satisfactory: no shortcomings
Effectiveness	5	S	Satisfactory: minor shortcomings
Efficiency	4	MS	Moderately Satisfactory: There were moderate shortcomings
M&E	3	MU	Moderately Unsatisfactory: significant shortcomings
I&E Execution	2	U	Unsatisfactory: major problems
	1	HU	Highly Unsatisfactory: severe problems
Sustainability	4	L	Likely: negligible risks to sustainability
	3	ML	Moderately Likely: moderate risks
	2	MU	Moderately Unlikely: significant risks
	1	U	Unlikely: severe risks
Relevance	2	R	Relevant
	1	NR	Not relevant
Impact	3	S	Significant
	2	M	Minimal
	1	N	Negligible

### 1.3 Structure of the Evaluation Report

The structure of the evaluation report follows in principal the “Evaluation Report Outline” presented in Annex F of the ToR of the assignment with some minor modifications. In particular separate sub-chapters were introduced for the description of the outcome and the outputs and indicators. The Executive Summary provides a quick overview on the main project results, ratings, other observations and recommendations for further work.

## 2. Project Description and Development Context

### 2.1 Project Start and Duration

The PAF project was endorsed by the GEF CEO in May 2010 for a period until May 2013. Its planned duration was thus three years (the duration originally foreseen in the PIF was four years). A first no-cost extension was granted until December 2014, a second no-cost extension until April 2015. The overall duration was thus five years (60 months), and the TE was conducted at the very end in the last month of the project implementation period.

### 2.2 Problems that the Project Sought to Address

The principal (core) problem that the project sought to address is summarised in the Project Document as follows:

“The total funding currently available for the planning and administration of the protected area system of Montenegro is estimated to be at least 50% below what is required for its effective management. With the incremental expansion of the PA systems (in part, as a result of the activities undertaken in a counterpart GEF-funded project, Strengthening the sustainability of the PA system of Montenegro), this funding gap is expected to increase even further.”

As stated in the Project Document, the long-term solution to this problem sought by the Government of Montenegro is the “establishment of a sustainably funded representative system of protected areas, under an effective and adaptive management regime”. The barriers to the achievement of this objective were stated as follows:

- Under-developed policy instruments and regulatory framework,
- Insufficient revenue-streams, and
- Low cost-effectiveness of business and financial management systems.

### 2.3 Immediate and Development Objectives of the Project

The objective (immediate objective, expected outcome) of the project has been defined as “To improve the financial sustainability of Montenegro’s protected area system” (Project Document, paragraph 48). The Project Document did not specify a higher level ‘development’ objective: however, it is understood that the present project and the sister project ‘Strengthening the sustainability of the PA system of Montenegro’ (PAS) share a common development objective, the “effective conservation of biodiversity in Montenegro” (see MTE report).

The vertical logic of the project, as set out in the Project Results Framework (PRF) of the Project Document, is summarised in the following table:

<b>(Assumed) Development Objective:</b> Effective conservation of biodiversity in Montenegro		
<b>Objective:</b> To improve the financial sustainability of Montenegro’s protected area system		
<b>Outcomes</b>	<b>Outputs</b>	
<b>1:</b> Enabling legal and policy environment for improved	<b>1.1</b>	An economic valuation of the PAS supports the case for sustained public investment in protected area establishment and manage-

PA financial sustainability		ment.
	1.2	A National Protected Area Financial Plan (NPAFP) is adopted.
	1.3	A suite of regulatory instruments are in place to support implementation of the NPAFP.
2: Securing revenue streams for the PA system	2.1	A payment for ecological services scheme is piloted in the Durmitor World Heritage Site
	2.2	A nature-based tourism concessioning process is piloted in Komovi Regional Park
	2.3	The income from user fees for adventure-based tourism in the protected areas of northern Montenegro is improved
3: Development of institutional and individual capacity of PA institutions to raise PA management cost-effectiveness	3.1	Business planning processes are introduced to different categories of PAs
	3.2	The fund raising capacity of the MSDT [previously: MSPE] is improved
	3.3	A business support 'help desk' assists in improving the cost effectiveness of PA institutions

## 2.4 Baseline Indicators Established

The indicators of achievement together with their baselines and targets given in the Project Document have been revised during the MTE in the light of the figures that then became available (2010).

Level	Indicator of Achievement	Baseline	Target
Objective	Financial sustainability scorecard for national system of protected areas	63/196 (32%)	94/196 (48%)
	Capacity development indicator score for protected area system	Systemic: 37%; Institutional: 47%; Individual: 33%	Systemic: 57% Institutional: 60% Individual: 62%
	Total PA revenues (central Government and local Government allocation, and PA income)	US\$ 6,037,335	US\$ 8,306,729 (38% above baseline level)
Outcome 1	Total annual central government budget allocation for PA management (US\$)	4,086,516 <sup>1</sup>	5,108,145 (25% above baseline level)
	Total local government budget allocation (US\$) per annum for PA management	~ 40,000	50,000 (25% above baseline level)
	National PA Financing plan operational	-	Provisions of NPAFP reflected explicitly in PENP plans and reports
	Number of enabling regulations that support implementation of financial mechanisms provided for in legislation	3	>6
Outcome 2	Income (US\$) to PENP per annum from PES	0	11,250
	Income from concessions (US\$)	96,957	145,436 (50% above baseline level)

<sup>1</sup> = Total Government revenue - \$40,000 estimated municipality revenue

	Income (US\$) from recreation and nature-based tourism activities	1,200,467	1,800,692 (50% above baseline level)
	Level of female participation in benefits arising from PA revenue generation initiatives	To be determined by consultancy	At least 20% of the economic benefits generated directly received and controlled by women
Outcome 3	No. of PAs with business plans that enables the implementation of the approved management plan	1	4 (comprising 2 NPs, one regional park and one nature reserve)
	Annual financial support (US\$) for the planning and management of PAs from donor funding sources or loans	309,867	387,334
	Ratio of human resource to operational costs	~80:20	60:40
	Average % improvement per annum of PA staff salaries	0	>10%

## 2.5 Main Stakeholders

The Project Document lists the following stakeholders:

- Ministry of Spatial Planning and Environment (the MPSE merged with the Ministry of Tourism in 2010 to form the Ministry of Sustainable Development and Tourism , MSTD),
- Public Enterprise National Parks (PENP),
- Ministry of Finance,
- Local Government - Zabljak, Tivat, Podgorica, Andrijevica and Kolašin,
- MAFWR - Forestry Administration,
- Regional and local tourism organisations,
- UNDP GIS Project (completed at the time of the TE),
- WWF - Dinaric Arc Eco-region Project/ Mediterranean Programme office,
- National and regional NGOs,
- Academic and research institutes,
- Representatives of local communities (e.g. residents of Zabljak),
- National and local press and media,
- UNDP-Montenegro.

## 2.6 Expected Results

The results expected from the project, in terms of the targets defined in the logical framework, can be summarised as follows:

- Increase in financial sustainability of the PA system, as measured by the financial sustainability scorecard,
- Increase in institutional capacities in the PA system, as measured by the capacity development scorecard,
- Increase in total budget for protected area management, including operational, HR and capital budget,

- Decision-making on government budget allocation is based on economic valuation,
- National PA Financing Plan becomes operational,
- Introduction of enabling regulations that support implementation of financial mechanisms provided for in legislation,
- Increase in total annual central government budget allocation per annum for PA management,
- Increase in total local government budget allocation per annum for PA management,
- Increase in earmarked income for PA management per annum sourced from different environmental levies and surcharges,
- Increase in income to PENP per annum from a PES scheme for water,
- Increase in number of nature-based concessions in PAs administered by local government,
- Increase in income from recreation and nature-based tourism activities in four PAs (Durmitor NP, Biogradska gora NP, Komovi RP and Prokletije NP) in northern Montenegro,
- Increase in number of protected areas with business plans that enables the implementation of the approved management plan,
- Annual financial support from donor funding sources or loans for the planning and management of PAs,
- Reduction in ratio of human resource to operational costs,
- Improvement in PA staff salaries.



### 3. Findings

#### 3.1 Project Design / Formulation

**Rating:** Ratings for “Project Design/Formulation” are not mandatory for Terminal Evaluations. However, as the project design is crucial for project success and failure, the TE thinks that an omission of these ratings may lead to wrong conclusions and therefore included them here. The rating was done according the six-points scale (see methodology).

“Project Design / Formulation” is considered to be “Moderately Unsatisfactory” for the following reasons:

- The project design correctly identified financial sustainability as a key requirement for the long term effectiveness of the PA system;
- The project included in a systemic approach the relevant elements to achieve financial sustainability such as the enabling legal and policy environment, the income of PAs and the need to increase cost-effectiveness of PAs (the strategies proposed were thus relevant to the barriers, and diverse, covering both supply and demand sides).

However:

- The project objective and the related indicators promise an actual enhancement of the financial sustainability, while the outcomes and outputs only aim at conducting preparatory feasibility and technical studies, implement pilot measures and to do some initial capacity building, without including the upscaling of all these measures.
- The Project Results Framework did not clearly distinguish between results for which the Project can be hold responsible and those beyond the Project’s responsibility;
- This medium-sized project addresses only the financial aspects of PA management; while the project can be understood as part of a larger operation (together with the PAS project), a joint planning matrix has not be developed;
- A number of key external risks were not recognised in the Risk Matrix;
- The Replication Strategy remains incomplete.

#### Analysis of the Project Results Framework

*Project objective:* The Project Document identified underfunding of the PA system as the core problem which the project should seek to address. The level of funding available for planning and managing was estimated at the outset to be at least 50% below the actual requirements. The project design thus correctly identified financial sustainability as a key requirement for the long-term effectiveness of the PA system. However, the TE believes that financial sustainability was only one of the challenges Montenegro’s PA system was facing at project outset. The reality was and is still much more complex, and includes aspects such as the institutional set-up for biodiversity management in Montenegro, coordination mechanisms between the various actors, personnel and institutional capacities and knowledge, socio-economic aspects, political priority-setting, etc. The project thus addressed just one of the underlying problems, and the project objective covers only a certain section of the entire picture. In other words: Even if the project succeeds to close the financial gap of the PA system, it will still be questionable, whether the performance of the PA system will increase significantly.

Together with the PAF project, the Government of Montenegro proposed to UNDP/GEF a sister project, the PAS Project “Strengthening the Sustainability of the Protected Areas system of the Republic of Montenegro” and both projects have finally been implemented in close coordination, but without a joint Project Results Framework (PRF). The objective of the PAS project complements that of the PAF project (“To enhance the coverage and management effectiveness of the protected area system

of Montenegro by developing the capacity in protected area institutions to design, plan and manage a more representative system of protected areas”). However, additionally to some administrative challenges related to implementing two projects in parallel (which will be discussed below), the lack of a joint planning matrix implies that neither of the two projects (PAF and PAS) needs to report to a “bigger picture”, a joint overall goal. PAF thus always remained piece of a larger intervention, but without a clear definition what the overall intervention exactly aims at, whether the project is still on track as regards such an overall goal, and whether adjustments in the project design are necessary.

*Project Outcomes:* The Project Document defined three fields of activities, which are necessary to be addressed in order to achieve the project objective. The project aimed at (1) improving the enabling environment for financial sustainability, (2) securing the revenue streams, and (3) developing the institutional and individual capacities of PA institutions for raising cost-effectiveness. These three outcomes are relevant, comprehensive and complementary: they focus respectively on establishing a sound regulatory framework and policy in support of financial sustainability, on securing revenue streams for the protected area system (the “supply side” of financial sustainability) and on increasing cost-effectiveness (the “demand side”).

The project objective and the related indicators promise an actual enhancement of the financial sustainability, while the outcomes and majority of outputs<sup>2</sup> only aim at conducting preparatory feasibility and technical studies, implement pilot measures and to do some initial capacity building, without including the up-scaling of all these measures. This means a break in the logical flow from outputs over outcomes to the project objective.

*Project Outputs:* The outputs under Outcome 1 focus on valuating the PA system, adopting a National Protected Area Financial Plan (NPAFP) and putting in place regulatory instruments for implementing the NPAFP. While the first output is a technical study under the full responsibility of the project, the achievement of the other two outputs actually do not fall into the reach and responsibility of the Project. While the Project with UNDP as the Implementing and Executing Agency can prepare the NPAFP and can promote it, it cannot be held responsible for its adoption and its putting into practice as these are government decisions. The project design is thus in this respect not precise enough what can actually be achieved by the Project and what are political decisions beyond its responsibility.

The outputs under Outcome 2 relate to the piloting of three alternative mechanisms for income generation in three different protected areas (PES in Durmitor, tourist concession in Komovi, user fees in northern Montenegro). This is principally the right way doing it and the three outputs show three different options for securing financial sustainability. However, it is not even mentioned or discussed that these three different modes of income generation are piloted in three different areas as pilot measures, while the formulation of the outcome suggests complete coverage of the entire PA system of Montenegro. The outputs therefore disregard up-scaling, i.e. the dissemination of the results from the pilot areas to other PAs of the country. Without such up-scaling, the outcome cannot be achieved.

The outputs under Outcome 3, relating respectively to PA-level business planning, increases in the fund-raising capacities of PA institutions and the establishment of a business support “help desk” to assist in improving the cost-effectiveness of PA institutions, were largely relevant and appropriate.

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<sup>2</sup> An exception is the NPFPA which was planned to be adopted by the Government and implementing mechanisms were planned to be developed under the output 1.3. However, NPFPA was not adopted by the government and therefore also remained at the level of study.

## **Analysis of Assumptions and Risks**

The following risks were presented in the Risk Matrix (Table 7 of the Project Document):

- Government is slow in allocating sufficient funds to finance an expanded PA system, resulting in increasing pressures on the PA institutions to 'exploit' protected areas to offset costs of management (moderate risk);
- Resistance to increasing (or introducing new) entrance fees, recreational user fees and PES surcharges. These conflicts cannot be timeously addressed and resolved (moderate risk);
- Local government (municipalities), Morsko dobro and Forest Administration do not fully participate in project activities (Forest Administration role could stem from fact that municipalities can delegate anyone as managers) (moderate risk);
- Income from environmental levies is not made available for use by PA institutions for conservation purposes (low risk);
- Legal conflicts delay nature-based tourism concessioning processes in Komovi (low risk).

All of these risks are valid. The MTE identified several additional risks which had not been identified in the Project Document:

- The global financial crisis, which may undermine some of the targets;
- Reduced donor commitment: the PRF sets an (unrealistic) target of an almost threefold increase in funding from donor sources or loans, due to increases in the fundraising capacities of MSDT.
- Failure to feed the income generated by PAs back into the PA system.
- Income generated by PAs may result in a reduction of Government allocations for PAs.
- Opposition on the part of water companies to the introduction of PES schemes.

The MTE presented a detailed elaboration of these risks. To the list of risks could be further added:

- Political will to implement recommendations on business planning;
- Political will towards adoption of the National Protected Area Financial Plan;
- Readiness of the private sector to invest into tourist concessions (without clear framework conditions);
- Lack of available official data for production of good-quality and credible studies.

The TE shows that all of the risks are valid and that the probability of occurrence was often underestimated.

## **Lessons from Other Relevant Projects**

Little information is available on the integration of lessons learned from other operations into the project concept. The present project staff has joined the team after project approval and had therefore not been involved in project formulation.

The PAF Project should be understood as part of a series of GEF projects in the Balkan region dealing with the financial sustainability of the PA system. Similar projects are implemented in Croatia, the FYR of Macedonia, Romania, and Serbia (see also chapter on coordination). As the PAF project was approved in March 2010, it may be assumed that the project design could rely on some initial experiences gained e.g. in the FYR of Macedonia (approved in 2007) or Romania (approved in 2009). This could, however, not be verified.

## **Planned Stakeholder Participation**

Information on stakeholder participation during project formulation is given in the Project Document (Annex III). It is reported that very close contact was maintained with all stakeholders at the national and local levels; local government institutions, public administrations, research and academic institutions and NGOs were reportedly directly involved in project preparation. These provisions appear to have been appropriate and relevant, although the TE (as well as the MTE) is not in a position to independently verify this information.

## **Replication Approach**

The Project Document says that the Project will pursue replication in two ways: the Project intends to achieve replication through direct replication of selected project elements and practices and methods, as well as through scaling up of experiences. Both ways are appropriate and meet the requirements. The Project will for example prepare a 'National Protected Area Financial Plan' or offer a 'Help Desk' for business support and these efforts are appropriate to support the replication of project results. On the other hand, the Project planned to implement various pilot measures for securing revenues from the PA system (outcome 2), but it lacked a concept how to disseminate these experiences, i.e. how to transfer these experiences from one PA to another. The Results Framework did not define mechanisms for joint learning, integrating the experiences into the national regulatory framework, or for training PA staff and other stakeholders for applying the newly gained experiences elsewhere, etc. Therefore, the Results Framework comprises only elements of a replication strategy, but lacks a coherent overall concept for replicating project results.

The Project Document says that the Project will rely on a knowledge management system, which will be developed by the PAS project. However, already the MTE found that the information given in the PAS Project Document is not detailed enough to allow an assessment.

## **UNDP Comparative Advantage**

The PIF listed the following comparative advantages of UNDP as an implementing agency for this project:

- UNDP has developed global expertise in supporting the development of an enabling environment for PA establishment and management;
- UNDP's track record in Europe and the CIS (UNDP is supporting a number of projects in Europe and CIS, focused on catalyzing the sustainability of protected areas, with an impact on more than 60 protected areas in the region covering more than 16 million hectares);
- The project is entirely supportive of, and consistent with, UNDP's Country Programme Portfolio;
- The "Evaluation of the Economy and Environment Cluster" (2009) of the UNDP Country Office in Montenegro indicated strong management, excellent relations with the government and that "outputs and outcomes have had significant impact for positive changes in Montenegrin society."

All these arguments are still valid at the end of the project and there was no alternative which could realistically be considered. UNDP has in the meantime started implementation of the GEF project "Towards Carbon Neutral Tourism" which also builds on experiences made in the context of the PAF project and capitalizes them.

UNDP/GEF is implementing similar projects on the financial sustainability of protected areas in neighbouring countries (Croatia, FYR of Macedonia, Romania, and Serbia). This opens door for synergies and sharing of experiences. Bundling these projects under the roof of one Implementing Agency is therefore seen as an additional advantage.

Since the beginning of the PAF project, UNDP has gone through a process of transition from project-based interventions to more comprehensive and holistic approaches of promoting sustainable development together with the Montenegrin government, while gradually phasing-out in Montenegro.

### **Linkages between Project and other Interventions within the Sector**

The Project was blended with the PAS Project 'Strengthening the Sustainability of the Protected Areas system of the Republic of Montenegro', which is also a UNDP/GEF medium-sized project (see below).

The Project Document does not mention concrete other donor-funded projects to cooperate with. Under co-financing, an in-kind contribution by Deutsche Gesellschaft für Technische Zusammenarbeit (GIZ) GmbH is listed, without providing details on the kind of cooperation.

The Project Document identified several NGOs working in the field of PA management and awareness creating for biodiversity issues. These include national organisations such as *Green Home*, *Most*, *Centre for the Protection of Birds*, and *Greens of Montenegro*, and international organisations such as *WWF* and *REC*. No concrete joint activities have been planned.

### **Management arrangements**

**Execution Modality.** The Project was executed by UNDP in the Direct Implementation Modality (DIM)<sup>3</sup>, which is the modality whereby UNDP takes on the role of Implementing Partner. UNDP assumes overall management responsibility and accountability for project implementation. The MTE found that at the time of project design the Government of Montenegro had insisted to apply DIM due to the limited capacities and heavy workload of the institutions in question.

**Project Steering Committee (PSC).** The Project had a joint Steering Committee with the PAS project. The Project Document considered the following organisations to become members of the PSC: MSDT/MSPE (Department of Nature Protection, NPI, Public Enterprise National Parks, Morsko Dobro and EPA); Ministry of Agriculture, Forestry and Water Resources (Forest Administration); Ministry of Finance; Real Estate Administration; Local Municipalities (Andrijevica, Kolašin, Tivat and Podgorica) and civil society (e.g. REC, Green Home, Greens of Montenegro, MOST, WWF). Finally, the Steering Committee was confined to representatives of the following organisations:

- Director General of the Directorate for Environment and Climate Change, Ministry of Sustainable Development and Tourism (also GEF Focal Point);
- Director of National Parks Public Enterprise of Montenegro;
- Advisor in the Sector for Nature Protection, Monitoring, Analysis and Reporting, the Environmental Protection Agency (EPA);
- Advisor in the Sector for Forestry, Ministry of Agriculture and Rural Development;
- President of the Municipal Assembly, Municipality of Pluzine.

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<sup>3</sup> Previously called DEX (Direct Execution)

The PSC was thus smaller than originally foreseen and did not include representatives of the Ministry of Finance, the Real Estate Administration, or representatives of the civil society (NGOs).

**Project Management Unit (PMU).** The PMU consists of a Project Manager, a Project Coordinator, and a Project Administrator. All three positions are shared between PAF and PAS on a part-time basis. Work is supervised by the Manager of the Centre for Sustainable Development. The PMU is supported by short-term national and international consultants for specific thematic issues. This kind of organisational set-up is found in many similar projects and has proven to be robust and appropriate.

The project team is physically based in UNDP's Centre for Sustainable Development (previously: Energy & Environment Programme Unit), and is in its day-to-day management independent from national project partners.

### 3.2 Project Implementation

<b>Rating:</b> By taking into account all of the below, the rating for project implementation is as follows:			
<b>Monitoring &amp; Evaluation:</b>		<b>Implementing and Executing Agency Execution</b>	
M&E design at entry	<b>HS</b>	Quality of UNDP Implementation	<b>S</b>
M&E Plan Implementation	<b>MS</b>	Quality of Execution: Executing Agency	<b>S</b>
Overall quality of M&E	<b>S</b>	Overall quality of Implementation / Execution	<b>S</b>

#### Adaptive Management and Feedback from M&E Activities Used for Adaptive Management

Flexibility is one of the GEF's operational principles, and all projects must be implemented in a flexible manner to maximize efficiency and effectiveness, and to ensure results-based, rather than output-based approach. Thus, during project implementation adaptive management must be employed to adjust to changing circumstances. There are two critical points where adaptive management can be introduced: in the Inception Phase and after the Mid-term Evaluation (MTE).

During the Inception Phase, no changes were introduced to the objective, outcome or output level. A detailed initial work plan was developed with altogether 82 activities. Also the project indicators remained as per Project Document.

The MTE report suggested a set of 10 recommendations to adapt the project design and implementation procedures. As can be seen from the table, the project did not follow all these recommendations. The MTE evaluator elaborated adapted, for example, some project indicators which were more realistic and better measureable. However, these indicators were not integrated into the reporting system and were thus not the basis for further reporting. Also recommendations on monitoring co-financing or conducting participatory scenario planning were not put into practice.

Table: Set of adaptive measures suggested in the MTE Report. The table summarises the recommendations and the response.

	<b>MTE Recommendation</b>	<b>Response</b>
1	Seek approval for no-cost extension of project by one year, to mid-2014	Project duration extended two times, until April 2015.
2	Hold strategic / scenario planning / re-inception workshop; This workshop was meant to agree on the further project strategy as a result of the MTE	Strategic workshop was planned for July 2012, but due to change of institutional set up within the country (merging of the NPI with EPA) as well as to national elections and changes within government it was postponed for 2013. However, it has not been held till the end of the project.
3	Prioritize outreach on PA values in order to influence next government budget allocation	National Protected Areas Financial Plan conclusions have been presented to high level officials and have been used by National Parks representatives for negotiation with government for funds allocations.
4	Establish monitoring and evaluation system and programme	As a response, a PSC meeting (2013) and monthly briefings to relevant partners (end of 2014) were organised. Additionally, cognitive edge sense maker was piloted as a mean to collect almost real-time feedback.
5	Accelerate project activities wherever possible	Although project activities have been accelerated, the project needed two no-cost extensions for completion.
6	Diversify fund-raising strategies	Fund-raising strategy prepared and conclusions of NPAFP and PA Economic Validation study promoted.
7	Review indicators and targets	Indicators apparently amended and agreed upon in cooperation with RTA and relevant partners. However, amended indicators not used (see e.g. PIR 2014).
8	Improve monitoring of co-financing	Although information exchange with institutions has been established, no figures on government cofinancing could become available. Other cofinancing (with the exception of UNDP) not materialised.
9	Establish an effective replication strategy	No replication strategy developed.
10	Actively participate in and advise on discussions regarding the future institutional and legal framework for the national PA system	PMU and selected consultants provided support and advice in discussions regarding the future institutional status of the PENP and assisting amendments of Law on National Parks.

### **Partnership Arrangements and Project Ownership**

The project succeeded to develop constructive and cooperative relations between the main stakeholders and to prevent tensions and conflicts.

The Project was jointly managed together with the PAS Project ‘Strengthening the Sustainability of the Protected Areas System of the Republic of Montenegro’, which is also a UNDP/GEF medium-sized project, and which was also implemented in the DIM Modality.

The Project was built on a diverse partner and executing structure: The most important project partners were the MSDT, the National Parks Public Enterprise, the Environmental Protection Agency (EPA), the Sector for Forestry in the Ministry of Agriculture and Rural Development, and some municipalities. These organisations were represented in the PSC and as such involved in decision-making, but taking into account that PSC meetings took place only on an annual basis, this does not necessarily mean that they played an important role in giving the project its overall direction; in the interviews

conducted during the TE, it was understood that these stakeholders usually felt more as experts in their respective fields and did not have an in-depth overview over the entire project operations.

While MSDT served as the main partner, many measures were implemented independently from the ministry e.g. in consultation with municipalities or directly with consultants. Especially some technical studies were conducted with a minimum involvement of the PA institutions. They were delegated to consultants and as such did not provoke much sense of ownership among relevant institutions. The fact that most of the technical studies were initiated by UNDP and carried out by external consultants after consultation, but not with full active participation of these stakeholders also lead to a situation in which these key stakeholders did not act proactively, but slipped into the role of recipients.

The project did not establish a unanimous platform of stakeholders (from all levels and from various sectors, primarily business and NGOs). While the annual PSC meetings created some kind of forum towards this end, it revealed as insufficient for developing strong project ownership among stakeholders. In practice, UNDP took the overall lead in project steering and the responsibility in taking all operational decisions.

Through the DIM Modality, UNDP became the implementing and executing organisation at the same time. The fact that the Project office is physically not based in one of the implementing partners' premises (e.g. in MSDT or in the National Parks Public Enterprise) was also not conducive for creating project ownership.

#### **Project Finance<sup>4</sup>**

The project had an overall budget of US\$ 990,000 (GEF: US\$ 950,000, UNDP: US\$ 40,000; PPG grant not included). Disbursement of funds was quite low in the first two project years: in year 1, it was only 31 per cent of the planned value, and in year 2, it was 37 per cent. In year 3, the project gained momentum and spent 93 per cent of the foreseen resources. The project was planned as a three-year operations, but at the end of this period, it had thus spent less than half (48 per cent) of its resources. As the project at the end of year 3 had not delivered the expected results and much of the resources were still available, a no-cost extension was granted first for one year and later for another year. Finally, all funds were spent by the end of the operations in late April 2015.

Management costs were estimated at project begin at US\$ 130,000 to be shared between GEF (US\$ 890,000) and UNDP (US\$ 40,000). Less than 10 per cent of the GEF resources were thus used for project management. This is regarded as an appropriate figure, especially as the extension of the project did not lead to a higher financial burden for the project (the percentage of the management costs related to overall project costs remained the same).

A comparison of the planned spending per outcome and the actual spending per outcome shows an extremely high conformity. Such a high level of conformity is beyond normal project practice, and it is assumed that costs were shifted between the budget lines to achieve conformity with the planning documents. This is admissible, but unnecessary.

The Project spent approximately US\$777,000 for (national and international) consultants and for contractual as well as professional services. Only 11 contracts had a value greater than US\$20,000,

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<sup>4</sup> Budget analysis is based on the actual figures by 31.12.2015 and the forecast till 30.6.2015.



and these comprised altogether US\$286,000. Almost half a million Euros were thus spent for procuring goods and services whose individual value was less than US\$20,000. This means an extremely heavy work load for the PMU through micro management. Concentrating contracts into bundles of contracts is generally an option to enhance management efficiency, but has not been pursued by this project.

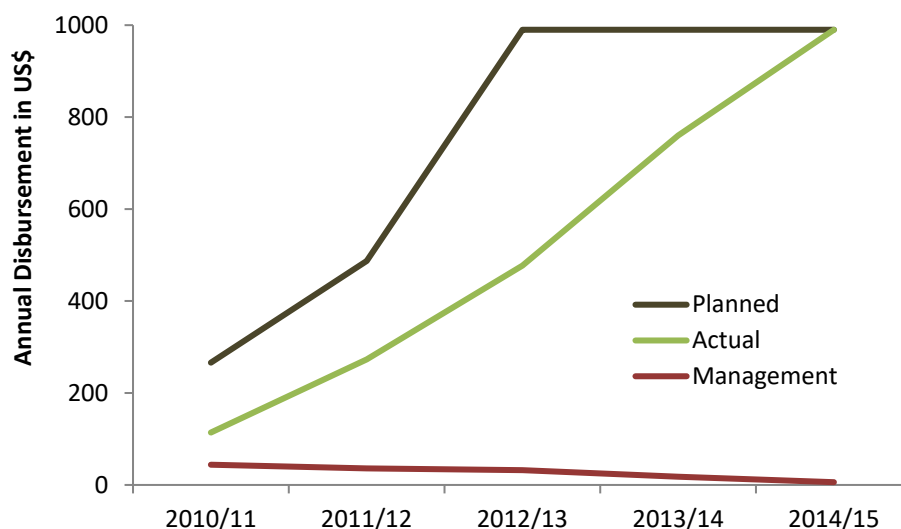


Figure. Annual disbursement of project funds (GEF and UNDP funds). Comparison between the planning at the outset (as per Project Document) and actual disbursements as assessed at project end. For contributing the spending to project years, the disbursements in each fiscal/calendar year was divided into two equal halves and attributed equally to the relevant years.

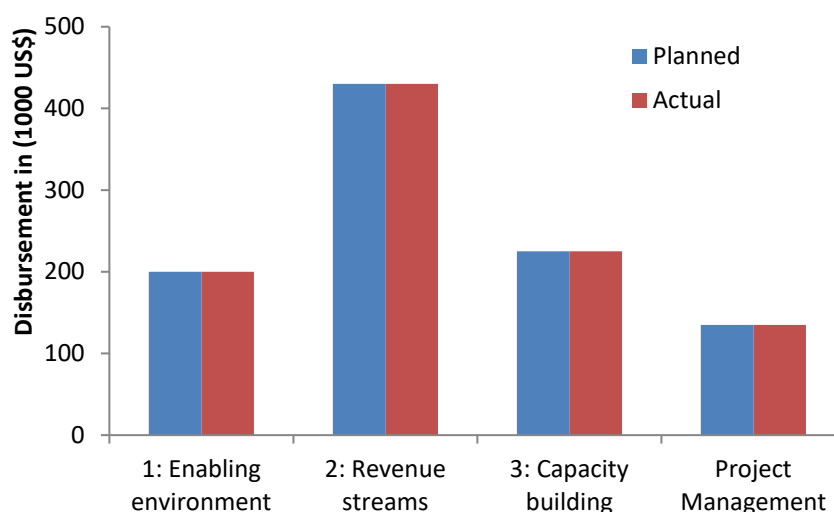


Figure. Disbursement of project funds (GEF and UNDP) according outcomes. Comparison between the planning at the project outset (as per Project Document) and actual disbursements as assessed at project end.

Most procurement under the budget lines 72200 (Equipment and furniture), 72300 (Materials and goods) and 72800 (Information and Technology Equipment) took place in 2014: Of the US\$76,993 spent under these budget codes, US\$59,436 or 77 per cent was spent in 2014, i.e. towards the end of the project. As equipment is usually more needed at the beginning of a project for its operation, such late purchasing is normally evidence for delayed implementation; the type of equipment then purchased has often lower priority for project implementation, but helps secure the disbursement flow.

**Co-financing and Co-financing Delivery:** In addition the US\$ 950,000 GEF contribution, UNDP allocated US\$ 40,000 from its core funds to finance this project. The UNDP contribution was used to co-finance the salaries of project staff (management costs).

The government in-kind contribution was estimated US\$ 1,450,000, and the project counted on another in-kind contribution provided by the German government through GTZ (now: Deutsche Gesellschaft für Internationale Zusammenarbeit GIZ GmbH) in the amount of US\$ 300,000. These two “in kind” co-financings are not tangible. It is not clear what has actually been delivered as “co-financing” and what kind of goods and services have been counted as co-financing. However, it is clear that GEF has not leveraged additional resources, but has counted already available resources.

This is a general feature observed in practically all GEF projects: GEF pushes a lot for identifying and leveraging co-financing sources, and under this pressure the projects count contributions as “co-financing” which would actually not deserve this name, and they estimate especially in-kind contributions much higher than their actual value is. It is, however, also understood that GEF does not give clear guidance on this.

### **Monitoring and Evaluation: Design at Entry and Implementation**

The provisions for monitoring and evaluation (M&E) in the Project Document are based on the standard UNDP/GEF M&E template and are relevant and appropriate for a project of this magnitude and nature. The MTE already analysed the M&E system of the project and assessed it as “moderately satisfactory” based on the following observations

- The Inception Workshop, Inception Report, APR/PIR, PSC meetings and MTE have all been carried out in a timely fashion;
- Data on most of the financial indicators proposed in the Project Results Framework (PRF) have been collected in a timely fashion;
- The project lacks a formalised system for M&E that would guarantee the timely review and measurement of indicators, the management and analysis of data and their use as a support to management decisions;
- The ratings for the Financial Sustainability Scorecard and Capacity Development Scorecard (proposed as indicators in the PRF) were not updated prior to the MTE.

Also the TE as one of the major M&E instruments was initiated by the Project and conducted in time.

Three of the recommendations of the MTE refer to project monitoring:

- Establish monitoring and evaluation system and programme;
- Review indicators and targets;
- Improve monitoring of co-financing.

None of these three recommendations could be implemented in a way that fully satisfies the requirements. The measures for establishing an M&E system were incomplete, indicators and targets were reviewed but the results were not used as basis for monitoring, and monitoring of co-financing took no place.

**Rating:** By taking into account all of the above, the rating for project's monitoring and evaluation is considered as Marginally Satisfactory (MS).

## **UNDP and Implementing Partner Implementation / Execution Coordination, and Operational Issues**

*UNDP Country Office (IA).* According to the project design, the project was executed by the UNDP country office in the DIM modality with a key mandated officer: Team Leader/Programme Analyst, Democratic Governance & Economy and Environment. Execution responsibility was given in 2014 to the Centre for Sustainable Development, an organisation run jointly by UNDP and the Government of Montenegro. The UNDP supervision over the project staff was adequate, transparent and frank, focused on results and responsive, professional and timeliness. The technical and operational support from UNDP was overall appreciated and considered adequate by the project team. Regular UNDP staff consultation and participation in project meetings provides valuable inputs to national processes and could ensure required political support. Also the cooperation between UNDP supervisors and government partners was quite fruitful and effective in all relations. CO staff undertook regular visits (often one per month) to project area.

*Project Management Unit (PMU):* Project staff was shared between the PAF and PAS projects, i.e. all staff was working on a half-time basis for each of these two projects. Similar to IA, the PMU team was also oriented on results, professional and timeliness, candour and responsive, adequate in management, budgeting and procurement. Managing too many contracts at the same time, the team probably may sometimes have been overburdened. They managed in this situation to complete regular work, but had not many opportunities to think about alternative innovative solutions. Not updating the project indicators (as suggested and already elaborated by the MTE) and not implementing some other measures related to M&E are issues related to this.

*Project Steering Committee (PSC):* All members of the PSC interviewed during the evaluation mission expressed their satisfaction on the project implementation arrangements and the Board's role there. All PSC members also expressed their satisfaction on having received relevant and timely information throughout the project implementation to perform their expected duties. It was, however, also noted that the PSC members usually saw their own role as experts in their respective fields, who fed their expert opinion into a process which was otherwise steered by UNDP (see also under Project Ownership).

*Regional cooperation:* UNDP implements on the Balkans the following projects with a close thematic relationship with the PAF project:

- Croatia: Strengthening the institutional and financial sustainability of the National Protected Area System (FSP, CEO endorsement: 30.12.2013);
- Serbia: Ensuring Financial Sustainability of the Protected Area System (MSP, CEO endorsement 21.01.2010);
- FY of Macedonia: Strengthening the Ecological, Institutional and Financial Sustainability of Macedonia's National Protected Areas System (MSP, approval date: 16.10.2007);

- Romania: Improving the Financial Sustainability of the Carpathian System of Protected Areas (MSP, approval date: 5.11.2009).

All these projects (and further UNDP/GEF projects in the wider region) have the financial sustainability of the PA system in focus, and are implemented under very similar socio-economic conditions. One would think that these projects could provide many opportunities for creating synergies. Especially the fields of baseline studies (e.g. on PES), capacity development (various measures under outcome 3), the development of standards and templates for certain studies (e.g. Protected Area Financial Plans or Business Plans) would offer a good deal for cooperation and sometimes even joint implementation. While there were some contacts on (UNDP) project management level, these opportunities remained largely unused.

### 3.3 Project Results

#### 3.3.1 Attainment of Outputs

##### **Attainment of Output 1.1: An economic valuation of the PAS support the case for sustained public investment in protected area establishment and management**

Scope of work: This output intended to develop a rough estimate of the lower limit of the Total Economic Value (TEV) of the PA system and build on initial assessment conducted in PPG phase so as to provide omitting financial data on the ecosystem goods and services for five protected areas: Durmitor National Park, Biogradska gora National Park, Skadar Lake National Park and Tivat Saltpan Nature Reserve and a protected area under establishment, the Komovi Regional Park. The project adopted guiding principles of the initial assessment to implement detailed valuation studies for representing a range of different use values (i.e. direct-use and indirect use) across the PA system and to predict calculation of a per hectare value to determine the lower limit of the TEV of the entire PA system and extrapolate it (with strong consideration of the severe limitations of extrapolation) to the entire system. Using the lower limit TEV for the PA system, the project predicted development and implementation of a communications strategy to demonstrate to key decision-makers the benefits and costs of adequately investing in the management and expansion of the PA system. Information from this output was aimed at supporting the preparation of the National Protected Area Financial Plan (Output 1.2).

Implementation: Under this output two studies were produced: *Economic Valuation of Montenegro's PA system* and *Protected Area Valuation report*. The former took into consideration: *direct values*, *indirect values*, *option values*, and *existence values*. Each PA was valued separately and set of recommendation was provided for each of them to better use their respective resources. The total approximation of economic value was provided using the predictions and expected trends in various industries linked with services the PAs' offer. Overall conclusion of the study is that PAs are unequally financially sustainable. The report provided recommendations for improvement of financial sustainability of PAs, such as education and research, infrastructure improvement (existing and new accommodation facilities, provision of new biking and hiking paths, climbing and speleological options, bird watching infrastructure, potential renewable energy facilities such as small wind mills, sun energy generators, hydropower potential, etc.); new points of sale, new ski facilities; organising buy-out and storage/processing facilities for collected fruit, herbs and plants and for meat and milk products.

Recommendations included promotion of cultural, religious and historical tourism as well as archaeological sites.

The *Protected Area Valuation* report built up on findings of the *Economic Valuation* report and determined a monetary quantification of the ecosystem products and services in each PA. It recounted the findings of the former study to the entire national PA system and assessed the public benefits and costs of establishing and managing PAs as an economically viable form of land use. The report focused primarily on national parks. Figures presented in the report were not comprehensive, and were subject of many assumptions. The study also relies heavily on extrapolating the few data that are available for Montenegro, and employs “benefit transfer” techniques, i.e. applied values estimates from studies which have been carried out elsewhere to the study site in question. This report demonstrated that, even on the basis of only a very partial valuation exercise, the PA system could generate substantial values for Montenegro’s economy. It has shown that: i) PAs generate considerable values. The value of tourism and recreational activities, other uses of PA lands and resources, water supply services and watershed/flood protection services is estimated at just under €68 million; ii) PAs play an appreciable role in the national economy and development; iii) PA values accrue to multiple sectors, at many different levels of scale; iv) The values generated by PAs have a substantial multiplier effect across the economy; v) There is significant public under-investment in PAs; vi) Continuing to accorded PAs a low policy and investment priority will incur economic losses more than €30 million over the next 25 years; vii) Investing adequately in PAs will generate value-added to the economy worth more than €1.5 billion over the next 25 years; viii) There is a high economic return to public investment in PAs; ix) PAs are not being managed to their full economic potential; x) There remain untapped opportunities to increase the levels of revenues generated from PAs. A cost-benefit analysis was not conducted.

*Communication strategy* that was supposed to be developed specifically for this output was omitting. Rather, as stated by Project Manager and many interviewees, studies served as an evidence for lobbying for investments in PAs by the Minister of Sustainable Development and Tourism. The studies are considered as a firm background for raising awareness on the importance of protection and sustainable use of PAs, as well as for potential initiatives that both PAs (especially National Parks) can use in increasing their own source revenues, and in introduction of alternative funding mechanisms.

*Limitations and Usage:* Although these studies are based on many assumptions, they have pinpointed that PAs generate immense values that underpin local economies, through both small businesses and large-scale industries. If managed sustainably, PAs can continue to yield economically productive and beneficial flows of goods and services. The results of the study provide information to the decision-makers on economic details for future investments in respective areas, where to find new niches and opportunities and inform and educate broad audience. Also, the studies were a background for development of the Output 1.2.

## **Attainment of Output 1.2: A National Protected Area Financial Plan (NPAFP) is adopted**

*Scope of work:* Work under this output focused on preparing a Financial Plan based on the realistic needs of the PA system, and the adoption of viable and diversified financial mechanisms to fund it. The business-oriented Financial Plan was intended to be organised around three key aspects of the financial planning process: (a) a detailed financial analysis that identifies funding needs and gaps, (b) a pre-selection and analysis of different financial mechanisms, and an understanding of the legisla-

tive and regulatory framework for their implementation, and (c) a formulation of the Financial Plan to guide the implementation of a sustainable financing strategy for the PA system. The results of the valuation studies and benefit-cost analysis that was supposed to be undertaken in Output 1.1 were to be used to guide and direct the development of this financial plan.

Implementation. Under this output the NPAFP document was produced in 2012 and support in its adoption and establishment of a business support 'help desk' to assist in improving the cost-effectiveness of PA institutions was subsequently initiated. The study is based on a financial analysis (defining financial needs and gaps) against baseline (starting point), trends in revenues and expenditures in PAs, total funding of PAs, public budget transfers, PAs operations (programmes), focus on operating activities and estimation of financial sustainability of PA. The study identified basic and optimal scenario on what had to be financed, as well as lessons learned. The document was supplemented with the Fund-raising Strategy (Output 3.2).

The financial analysis used a comprehensive methodological approach. Financial mechanisms were suggested to be designed to combine fiscal, social, and environmental benefits. The study also dealt with legal constraints and recommendations, especially in introducing the innovative funding mechanisms (PES) and incentives in providing concessions in PAs, so as to combine different sources of funding to attain long-term PA financial sustainability. Study stressed out that PA managers were required to develop the competencies in understanding financing issues and tools and to thrive from good information on investment strategies and potential funding sources.

NPAFP does not contain market analysis nor a detailed implementation programme (detailed activities, staffing requirements and budget with the accompanying means of measuring progress, as predicted by the ProDoc, which leaves the document at the level of the study, not a proper plan with the elements that could serve as guide for the Plan development. The same goes for Fundraising Strategy.

Limitations and Usage: The study itself identifies its own limitations: Clearly defined objectives and standards are indispensable for a successful financial analysis. Thus, it is critical to define who the primary target groups of the analysis are and how the results will be used. Subsequently the stakeholders have agreed on the standards that will be applied during the study. In the absence of standards it is difficult to compare results from country to country and aggregate regional data, and an absence of standards may also undermine the quality and, consequently, the usability of the study. The document was updated in January 2015 with recommendations for development of tourism in PAs and will be annexed with the revised National Biodiversity Strategy and Action Plan (NBSAP). Interviewees were well-informed about its content and they assessed the document as a firm stepping stone for further initiatives in the sphere of implementation of a sustainable financing approaches for the PAs.

### **Attainment of Output 1.3: A suite of regulatory instruments are in place to support implementation of the NPAFP**

Scope of work: This output was focused on supporting the implementation of the actions for regulatory and policy reform identified in the NPAFP. It was evident from the review of the enabling policy and legislation during project preparation that the national policies and legislation do establish a favourable context for the financing of the PA system, unlike the secondary legislation and comple-

mentary tools and mechanisms to facilitate their *in situ* implementation. A number of recommendations for the development of regulatory instruments, that could assist the operationalization of national policies and legislation, were preliminarily identified.

Implementation: Instead of developing a supporting regulation for implementation of the funding mechanisms communicated within the NPAFP, the output focused on producing further analysis, such as:

- *Final Draft on Recommendations on new Law on National Parks:* The draft of new “Law on National Parks” (LNP) should at least include definition of “ecosystem services” since it is not recognised by any relevant piece of legislation, as well as introduce Payment for Ecosystem Services (PES). It is also recommended that the LNP should be aligned with other laws dealing with natural resources, as well as to prescribe act on public participation in decision making.
- *Final Draft on Institutional and Legal Framework:* The new law will define national parks either as Joint-Stock Company or Limited Liability Company and will exclude institutional setups and positions that have proved to be ineffective. Additionally, the managing and governing the forests need to be distinguished and mandates defined between the Forestry Directorate and National Parks Administration.
- *Final Draft on Recommendations on Financing and Funding of PAs:* two options are provided for concessions in National Parks and other PAs that deal with change in legislation so as to provide more structured and firm way of securing revenues.
- *Final Draft on Biodiversity Offsets Analysis:* This analysis provided an overview of the new concept of biodiversity offsets. Amendments of the Law on Nature Protection were recommended, as well as adoption of the separate legislation regulating biodiversity offsets.
- *Final Draft on Analysis and options of Concession Agreements* contains analysis of legal options and outline of the Concession Agreement.

Apart from the above mentioned, at least 12 more documents were delivered under this output including legal analyses, recommendations, comments on draft laws, etc. Conclusively, there are very active legislative and drafting procedures on-going relevant to financing PAs. Almost all relevant and significant legislation for PAs in respect of their institutional and financial capacity are undergoing amendment procedures following above mentioned recommendations elaborated by the Project. The findings and recommendations definitely contribute to establishing enabling environment for improved financial sustainability, if accepted. The Project anticipated contributing to the preparation of enabling legislation that would provide for the establishment and administration of an Environmental Protection Fund (EPF). However, EPF was omitted from the project activities and the project did not deal with it.

Limitations and Usage: The overall output has deviated from what was originally planned. It was impossible to assess the process of deciding on alteration of the output, due to the lack of detailed PSC meeting minutes and detailed Annual Progress Reports. Generally, the mechanisms for supporting the implementation of the NPAFP were not produced. Rather, additional studies in response to the legal constraints identified in previous studies were elaborated in more depth. Over the evaluation period it was not possible to assess in detail whether the proposals for legal changes were passed, as new legislation adopting is still in the process. Analyses produced by the project can contribute to the development of the legal framework of achieving financial sustainability. However, even a well-

defined legal framework is no guarantee to assure financial sustainability and the Project did not have a major role in this process.

An internal operating system developed for the National Parks Public Enterprise has been used by the company, as stated by its director. A concession agreement is yet to be tested and its usability depends on the Law on Public Private Partnership still under development.

### **Attainment of Output 2.1: A payment for Ecosystem Services (PES) scheme is piloted in the Durmitor World Heritage Site**

*Scope of work:* This output was designed to test the feasibility of capturing a revenue stream for an ecosystem service – clean water – provided by the national park to a very specific group of beneficiaries – the town of Zabljak. Establishing this fiduciary relationship also has the potential to enhance the perceived value of the park with local residents and businesses, and may encourage a more responsible relationship between the park and its neighbouring communities. This pilot, if successful, was to be an example of what could be possible elsewhere in Montenegro where ecosystem services were neither recognised by the marketplace nor by many decision-makers, and are thus undervalued and their management underfunded.

*Implementation:* A working group which should represent the interests of all affected stakeholders in the town of Zabljak was set up in autumn 2011 and it met three times to discuss the main issues, problems, challenges and solutions of PES concept to be applied to Montenegro. An international consultant provided a methodological framework to enable the implementation of the PES/PWS scheme and proposed: identification of watershed services, assessment of marketable values and potential buyers; preparation of a draft watershed protection management plan and investment plan in National Parks Durmitor and Skadar Lake. The consultant facilitated and mediated the activities of this working group. A financial specialist in the water sector was contracted by the Project to provide technical support to the local working group and to work in close collaboration with a public consultation specialist. A report on *Mechanisms for mainstreaming a sustainable biodiversity economy, including payments for ecosystem services* was also produced under this output. A structure and an implementation plan of the PES/PWS agreement/contract was suggested in both national parks.

The feasibility study was completed and recommendations defined. The priority recommendation dealt with inclusion of definition of PES in the national legislation, which resulted in involving an article on PES in new draft Law on National Parks.

An initially foreseen extensive communication and awareness campaign in Zabljak about the administrative arrangements to be put in place to collect money to pay for watershed protection was not implemented.

*Limitations and Usage:* The project was not able to convince the administrations directly involved in potential PES about the need to implement such instruments with the exception of the MSDT (including EPA and PENP). However, there is a possibility to introduce PES in Durmitor NP, in accordance with the approach prescribed by the draft law and technical report produced within this output. General guidelines and procedures for PES development, implementation, monitoring and reporting in Montenegro are now available through the produced reports. A technical report communicates it was “only possible to propose a series of fairly general measures and incentives to promote a sustainable biodiversity economy, and to respond to the directions that are laid out in other national



and sectoral policies, strategies and plans". Another important threat is the absence of support of key institutions and potential lack of political will to include the PES in legislation. In brief, it was concluded that Montenegro has little opportunities to successfully apply PES schemes for the benefit of the PA system.

### **Attainment of Output 2.2: A nature-based tourism concessioning process is piloted in Komovi Regional Park**

*Scope of work:* Work under this output was designed to improve the financial sustainability of the regional park Komovi once established by piloting a nature-based tourism concessioning process that could allow a private commercial operator to construct and operate tourism facilities within the proclaimed regional park on the basis of a medium to long-term contract (approximately 15-20 years on a 'build-operate-transfer' agreement), in return for payment of concession fees to the designated park management authority. If successful, this means of generating income would then enable the managing authority for the regional park to focus its resources and capacity on the core business of managing biodiversity. The provisions contained in the Law on Concessions provided the regulatory guide in the identification of the concession opportunity; procurement process; selection of a preferred bidder; concession period; negotiated legal agreement; concession management; and concessioning fee to be concluded in this output.

*Implementation:* The report *Concessions as a source of funding of protected areas with special reference to regional park Komovi* was produced under this output by a consultant. It included an analysis of national, regional and international best practice in PA concessioning processes, legal analysis, identification of the concession opportunity, and design of the concessioning process. Contractual template for concessions was collated to support and guide the process. The study recommended that the regional park should be given a mandate in its initial phase of issuing concessions, as well as in obtaining certain share of revenues, which is still not defined by the law. Due-diligence and ground-truthing, bidding memorandum and lessons learnt that were predicted to be elaborated within the output are omitting.

*Limitations and Usage:* Interview with one out of three municipalities' working groups revealed big expectations of proclaiming the regional park Komovi in terms of economic benefits for local community, although the expectations are not corroborated by studies and analysis of the economic value of the municipal territory belonging to the RP. A management structure is planned to be established separately by each municipality, affecting its cost-effectiveness. Funding of the regional park is still not clear and is reliant on municipal budgets. It is expected that the concessioning process will be facilitated through the legislation change and alignment with the Law on Public Private Partnership that is expected to replace current Law on Concessions. Current legislation does not predict allocation of the part of the concession fees to the regional parks and there are no standardised criteria for awarding concessions. Moreover, there is no selection of activities for granting concession. The concession output raised high expectations, but remained a mainly academic exercise showing the absence of necessary prerequisites in the regulatory framework. There was no concrete negotiation with the private sector on concessioning.

### **Attainment of Output 2.3: The income from user fees for adventure-based tourism in the protected areas of northern Montenegro is improved**

Scope of work: During project preparation, adventure tourism was identified as one of the most promising means to generate additional revenue streams for the PAs of northern Montenegro. Work under this output was directed at testing the feasibility of increasing park revenues by improving and strengthening the development, administration and promotion of adventure tourism services in Biogradska gora and Durmitor National Parks. The Project had foreseen to provide technical and advisory support to the PA institutions in: the development of its fee structures (and their administration) for the adventure tourism products provided by PA's; business planning processes for cave tourism development; identification of the infrastructure and services needed to support boat-based recreational and commercial use; recreational planning associated with skiing, biking, hiking and horse trails; and planning of climbing routes. The PA management was planned to be directly responsible for the *in situ* development and maintenance of all infrastructure and services associated with the adventure tourism products, as well as for establishing and maintaining collaborative working forums with the recreational user groups and commercial operators. A tourism marketing agency was to be contracted to support PA institutions in designing, developing and producing adventure tourism maps and other promotional and marketing media.

Implementation: An *Adventure Tourism Strategy* was produced by a consultant under this output and a *Plan for use of resources for Tara River* was also prepared and completed given its enormous tourist potential. The Strategy for development of the National Park brand was prepared with innovative logos, and visual identity. Furthermore, a cooperation Agreement was signed with EPA to create a cadastre of caves in Montenegro. The Agreement on Cooperation with the National Parks was signed and calls for tourist offer in NPs. There are no evidences of preparation of a detailed management and business plan for a cave that could be considered for development as a nature-based tourism destination, as originally predicted by this output. There is also no evidence on formalising the park-approved sport climbing routes, as initially planned within the output.

Limitations and Usage: The *Plan for use of Resources of Tara river* provides clear guidelines for infrastructural and services development to support commercial rafting, canoeing and kayaking and improve revenues, with the strong emphasis on simultaneous preserving of biodiversity. However, political will to implement recommendations from the plan seems to be lacking. The *Development of the Adventure Tourism Strategy* provides recommendations on improving the network of cross-country skiing, hiking, biking and horse riding trails. The document is merged with the *National Protected Area Financial Plan (NPAFP)* to supplement it with additional findings. The Strategy for development of the National Park brand carries key messages – to define NPs as companies oriented towards nature protection or towards tourism development. According to the Director of PCNP, the Strategy, once approved, will serve as the document that will be publically presented and that will assist communication with the public. New logos and new visual identity carries modern designer language for National Parks and the produced promotional material is assessed as a high quality one.

It remains questionable whether the merging of two documents produced under different methodologies could provide coherence and synergy so as to serve as a good guiding element for proper financial planning in the protected areas. The treat is also that financial indicators in both studies might overlap and distort the real situation.

Management and business plans for caves belonging to PAs were not possible to be created due to the lack of data. Local speleological organisations have collected certain information, but they are assessed as unreliable by EPA. In order to form a cadastre for these specific protected areas, it is imperative to collect structured and valid data, which is at the moment a costly endeavour.

### **Attainment of Output 3.1: Business planning processes are introduced to different categories of PAs**

*Scope of work:* Work under this output was intended to be focused on supporting business planning processes in one national park (Biogradska gora) and one nature reserve (Tivat Saltpan Nature Reserve). These PAs were to serve as pilot sites for the future replication of business planning processes across other national parks (managed by PENP) and regional parks/nature reserves/natural monuments (managed by local municipalities). The business plan was expected to describe the financial opportunities offered by the park/reserve, provide recommendations on those opportunities that are most cost-effective and viable, and outline a strategy for pursuing them.

*Implementation:* Instead of two PAs, business plans were created for three NPs: Durmitor, Biogradska Gora and Prokletije by a local consultancy firm. For that purpose, a *Rulebook for Creation of Business Plans* was designed following the methodology required by the Investment Development Fund (IDF) of Montenegro. After the data collection (management plans, annual plans, regulation and financial reports) and their analysis, round tables on visioning of strategic development of national parks were organised for representatives of NPs, municipality officials, businesses, and NGOs. Each NP identified its priority projects. The documents that were submitted for evaluation were rather a description of methodology for defining priorities and situation analysis in each of the NPs. Business plans were not submitted as separate documents. In scope of this output, elements for a management plan for Tivat saltpan were also produced.

*Limitations and Usage:* According to the Project Manager, the business plans of the national parks have detailed strategies, activities and investments required to capitalize on the most viable opportunities and business ideas will be submitted to the IDF. However, they appear sometimes rather as a description of the approach towards business planning which ends with defining priority projects for business plan development. It was impossible to assess whether the submitted documents were considered business plans. There was no explanation on usage of IDF methodology for their development. It remains unclear to which extent the PAs raised their capacities to develop business plans, either using IDF methodology or any other. Also, the rationale for changing target groups for business planning was not provided.

### **Attainment of Output 3.2: The fund raising capacity of the MSPE is improved**

*Scope of work:* Work under this output was planned to be focused on developing the capacity of the PA institutions to develop and implement a fundraising strategy that could supplement current investments in the planning and management of the PAs. Targeted sources of funding under this output were to include accessing grants and loans for PA development from international donors. It was also planned to facilitate the strengthening of partnerships with the private and NGO sector in the implantation of donor-funded projects. The Project planned the appointment of a specialist fundraiser/project developer over 18 months within the MSPE offices to support the development of the strategic framework, tools and mechanisms for fundraising across the PA system. The MSPE was ex-

pected to provide logistical support to the appointed contractor and, in cooperation with the PA institutions, identify the staff to receive skills development support.

Implementation: A Fundraising Strategy 2015-2020 for PAs was developed and annexed to the NPAFP in January 2015. The Strategy includes profiling potential donors, identification of partnership opportunities with potential donors, strategic approaches to maintaining funder relationships, institutional capacity needs. Private donors were not elaborated to significant extent. Fundraising and project management training were delivered by a fundraising specialist to raise knowledge on donor profiles, application procedures, project design, project budgeting, project monitoring, loan repayments mechanisms, etc. A three-day training on EU funding was delivered by an international expert. The purpose of this training was to provide direct consulting to participants in preparation of applications for funding under the IPA CBC programme. Trainees were staff members of PENP, EPA, municipalities, NGOs, high school, university (UDG), and BSC Bar. Four CBC project applications were developed, but it is not clear whether they were submitted for funding. International expert was available on-line for all suggestions and assistance.

As a response to the requirement to build working relations with academic institutions in regard to fundraising, two study programs were developed within two private universities: master program at UDG and specialised studies at Mediterranean University. Majority of students were employees in institutions dealing with PAs, according to the UDG. Both programmes were UNDP-driven and funded.

There were two study visits organised under this output: to New Zealand on June 2-8, 2011, for senior staff of NTO, MSDT, NPs, and UNDP; and to Slovenia on September 22-27, 2013. The objectives of the visits were to review management options for different categories of protected areas and analyse possibility for similar arrangements in Montenegro, especially for Tivat Saltpan and to get acquainted with the financing mechanisms.

Limitations and Usage: This output managed to target different stakeholders dealing with PAs and used different approaches to improve their capacities. As there were no assessment reports on the trainings, an actual capacity increase can only be presumed. Out of 27 students enrolled at UDG study programme, 18 completed all exams and three submitted their thesis. It was observed that student delegated by the public institutions were the least motivated to study, as their ideas are not applied at the workplace. Two study programmes communicated emerging difficulties regarding sustainability after the UNDP support. Both universities evaluated their courses from the standpoint of students' satisfaction, not from the standpoint of applicability of their gained knowledge at the workplace. It may be discussed, whether more coordinated, flexible and needs-based training programme combined with on-the-job learning, monitoring and coaching would have been more appropriate than rigid academic study. It is questionable if the knowledge gained through the courses, training and study programmes was disseminated and shared with other staff, making it an individual, not institutional know-how. It is also not clear whether the working relationship with NGOs and volunteers were formalised to support fund-raising efforts, and implement donor-funded projects.

Altogether, capacities were not systematically raised and they seem to be more ad-hoc activities. There was no coherent approach on individual, institutional and systemic level in this respect.

### **Attainment of Output 3.3: A business support ‘help desk’ assists in improving the cost effectiveness of PA institutions**

Scope of work: Work under this output was to involve the establishment of a help desk function to provide on-going technical and professional support in improving the efficiencies of the financial, business and operational functions of the PAS. The specific recommendations for implementing these cost-effectiveness measures were to be developed and described in more detail in the plan of action contained in the NPAFP. The activities under this output would be programmed to follow on directly after adoption of the NPAFP. The international financial planning service provider contracted to prepare the NPAFP was planned to be tasked with the establishment and staffing of this ‘help desk’ facility in close collaboration with the relevant departments and public institutions of the affected ministries and local governments. It was foreseen that PA departments and institutions use the ‘help desk’ facility as a mechanism to improve staff skills. It was expected that PA institutions will thus designate appropriate staff to work with, and be trained by, the contracted service provider.

Implementation: A joint venture of the Government of Montenegro and UNDP – the Centre for Sustainable Development – was established at the beginning of 2014. The Centre’s mission focuses specifically on sustainable tourism, sustainable energy, managing resources and ecosystems, as well as climate change adaptation and safety in the environment. Given the accumulated know-how in implementing an array of projects, it was agreed that the centre is the best apparatus to take over the ‘help desk’ role: to facilitate the implementation of recommendations for the improvement of existing financial management systems for PAs, strengthen internal financial controls, ensure compliance with national financial management systems, strengthen financial information flows to individual PAs, etc.

Under this output two projects were designed for IPA CBC and delivered for further evaluation to the Commission. The actions proposed are not communicated for evaluation and it is not possible to assess to which extent the projects could contribute to the envisioned purpose of the “help desk”.

Additionally, following documents were produced within the CAMP project: i) General Vulnerability of the Coastal Area and particularly vulnerability of biodiversity within it, ii) Vulnerability of the narrow coastal area and detailed mapping of habitats in selected sites, and iii) SAMA Strategy – NS IUOP with priority measures and actions in the thematic area “Conservation of Nature, Landscapes and Cultural Goods”. Insight into the produced documents has indicated that the financial aspect was not in their focus, and that documents belong rather to PAS projects.

Limitations and Usage: At the moment Centre for Sustainable Development operates as a UNDP programme and is about to define its legal status within the next period. One of the options is to become a scientific research institution and position itself as a sustainable hoop in the system, knowledge resource centre and support to government initiatives. The centre can use the “transition period”, being affiliated with UNDP to profile itself as an innovative knowledge hub in both technical and soft skills, and to position itself as a learning organization with the strong institutional memory and human capital to maintain its sustainability.

Given the basic idea behind the help desk establishment – to improve PA staff skills, it is important that the centre is equipped with know-how on constant capacity gaps identification, to establish quality assurance systems, library of training material, raise capacities for design and deliver of tailor made capacity development programme, and set up a systemic approach to the evaluation of the

programs. UNDP is pursuing such an approach, but the result will depend on the further discussion with and the commitment of the government, and will thus be beyond the reach of the Project.

### **3.3.2 Attainment of the Targets of Project Indicators**

The indicators of achievement given in the Annual Project Implementation Reports (PIRs) are not unambiguous. The Financial Sustainability Scorecard indicator remained constantly at 45 per cent over the years, but there are some uncertainties about the baseline value. The Capacity Development Indicator Score remained at constant levels over the years, but also here some methodological challenges which could not be resolved. The budget for PA management in Montenegro is according to the METT assessment even lower than at the beginning of the project, but the Project claims that METT did not take into account some donor-funded resources.

Because of these uncertainties, a report on “Capacity development score for protected areas system” has been prepared in the context of this TE and is given as an annex to this report. Purpose of this assessment is to showcase the level of capacity increase as opposed to the baseline assessment conducted in the scope of the preparation of this Project in 2009. The report focuses primarily on results of Capacity Development Indicators scorecard to measure the growth of capacities upon the completion of both projects, given their focus on development of institutional and individual capacities for better management and better cost-effectiveness of protected areas (PAS: Outcome 2 and PAF: Outcome 3). Further to this, it analyses the scores against the indicator values of GEF’s SO-1 (“Catalysing Sustainability of Protected Area Systems”) and the impact that was designed to be achieved: Biodiversity conserved and sustainably used in protected area system which were given in the Project Documents. Capacity Development scorecard is developed to assess five components of capacity at individual, institutional and systemic levels. These components are: i) Capacity to conceptualize and formulate policies, legislations, strategies, and programmes, ii) Capacity to implement policies, legislations, strategies, and programmes; iii) Capacity to engage and build consensus among all stakeholders, iv) Capacity to mobilize information and knowledge and v) Capacity to monitor, evaluate, report and learn.

Financial sustainability scorecard for national systems of protected areas was developed by UNDP in project preparation phase to help governments and project implementation teams to track progress in making PA systems financially sustainable. The structure of the scorecard was such that it allowed an assessment of the three main components of the PA financial system, namely: 1) Legal, regulatory and institutional frameworks; 2) business planning and other tools for cost-effective management; and 3) tools for revenue generation. According to the UNDP guidance note on financial scorecard, protected area ‘financial sustainability’ refers to the ability of a country to meet all costs associated with the management of a protected area system. This implies a funding ‘supply’ issue of generating more revenue, but as importantly, a ‘demand’ side challenge of accurately defining PA financing needs.

Institutions that were assessed by Capacity Development Indicator scorecard were the ones that had a key role in both PAS and PAF projects: Ministry for Sustainable Development and Tourism (MSDT), Public Enterprise National Parks (PENP), and Environment Protection Agency (EPA), as during the baseline assessment. “Morsko dobro” PA management body responsible for coastal zone PAs (21 in total: 20 IUCN III category, and one of IUCN I) since 2013, was also taken in consideration when assigning capacity development scores.

The Financial Sustainability Scorecard rating has increased by 13 points between the baseline and final values. Legal and institutional frameworks improvement (from 26 to 31 points) was due to developed economic valuation of PA system and production of studies that can serve as an input for overall improvement in regulatory and institutional sphere, as well as development of internal operating systems and instruments for PENP, that provides future transparent and accountable financial management. Criteria on business planning and other tools for cost-effective management progressed for 5 points owing to development of business plans for four protected areas, to creation of guidelines for replication of the exercise to all PAs, as well as to improvement of cost accounting systems in PENP. The third component – tools for revenue generation – remained the weakest one and the modest improvement (2 points) refers to the identification of opportunities for revenue generation.

It is noted that the major improvements are made at redefining legal and institutional frameworks and developing for cost-effective management tools, such as business plans, whereas the tools for revenue generation still need strong support. However, the improvements refer to creation of pre-condition for sound legal, policy, regulatory and institutional frameworks supportive of effective financial planning. Further capacity development is needed to secure accurate knowledge not only of revenues, but also of expenditure levels, patterns, as well as of benefits of good financial planning and methods for allocating funds across individual PA. Sources of revenue for PA systems still rely primarily on traditional funding sources – government subsidies and donor projects. Diversification of revenue sources is yet to be dealt with.

GEF- 4 Programme Strategic Objective SO-1: Catalyzing Sustainability of Protected Area Systems was designed to measure expected impact through BD Indicator, among others, by protected area scorecards that assess site management, financial sustainability and capacity (see table below). The change to be achieved by the project intervention was designed by target values set in the table: Systemic capacity rises from 37 to 47%; Institutional capacity from 49.5 to 56%; Individual capacity from 33 to 57%.

Financial sustainability score was planned to be improved to >55% but in fact was raised to 33%. The difference is due to the legal constraints that project encountered over the implementation phase, which were not detected at the project offset. Assistance in improving legislation and developing internal operating systems, as well as employing software programme for PENP influenced the score increase. Diversification of financial inflows still depends on the legal changes and has not improved so far. On the other side, the figures regarding annual budgets for PAs were not assessed, as the interviews revealed that the budget items remained the same and none of the budget lines was introduced to support new service provision.

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<sup>5</sup> In the baseline assessment value for institutional level is 51 not 49. There is one more omit at this level. The baseline assessment submitted to the support evaluation consultants is a draft version and maybe the omit is corrected in the final one, if such is produced.

Table: Contribution of the Project towards GEF- 4 Programme Strategic Objective SO-1: Catalyzing Sustainability of Protected Area Systems.

GEF-4 BD Strategic Objective	Expected impact	GEF-4 BD Indicators	Project contribution to indicators
SO-1: Catalyzing Sustainability of Protected Area Systems	Biodiversity conserved and sustainably used in protected area system	<ul style="list-style-type: none"> <li>• Extent and percentage increase of new habitat protected (hectares) by biome type in PA systems that enhances ecosystem representation.</li> <li>• PA management effectiveness as measured by protected area scorecards that assess site management, financial sustainability and capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Extent of PA system increased from 108,866 ha to 165,000 ha</li> <li>• METT score for all 80% of the PA system equals or exceeds 65% rising from current 46-60% levels.</li> <li>• Systemic capacity rises from 37 to 47%;</li> <li>• Institutional capacity from 49 to 56%,</li> <li>• Individual capacity from 33 to 57%.</li> </ul>
SP-1 Sustainable financing of protected area (PA) systems at the national level	PA systems secure increased revenue and diversification of revenue streams to meet total expenditures required to meet management objectives Reduction in financing gap to meet PA management objectives	<ul style="list-style-type: none"> <li>• Total revenue and diversification in revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sustainability scorecard improves to a score of &gt;55% from the current level of 26<sup>6</sup>%.</li> <li>• Total annual budget available for management of PAs increased from US\$3,946,611 to &gt;US\$5,100,000</li> </ul> <p><b>Financial sustainability has raised to 33%</b></p>

### 3.3.3 Attainment of OECD/DAC and Other Evaluation Criteria

#### Attainment of the Project Objective (Overall Results)

The project objective is “To improve the financial sustainability of Montenegro’s protected area system”. So the question is “Is the PA system now at the end of the project more sustainable than the onset of the project?” The Project undertook many attempts and efforts at various levels towards this end, conducted technical studies and training for PA staff and other stakeholders, and developed concepts and strategies, and has finally succeeded in raising the financial sustainability: The financial sustainability scorecard increased from 26 per cent to 33 per cent, which is good, but still significantly less than the 55 per cent anticipated to achieve. So, in spite of everything, financial sustainability is still a big challenge for Montenegro’s PA system.

The project objective was to actually improve the financial sustainability and the indicators of achievement were drafted accordingly. However, most of the outcomes concern limited operations such as preparing strategies, enhancing the fundraising capacities and implementing pilot measures

<sup>6</sup> This baseline value was presented through the document in the dropbox: Financial-scorecard\_Montenegro-PAS\_20-March-09



and feasibility studies. These are important prerequisites for the financial sustainability of Montenegro's PA system, but in the absence of a comprehensive up-scaling, these measures alone will never lead to a measureable increase in the financial sustainability of the PA system.

**Rating:** A rating of the attainment of objective is challenging, as both the objective itself and the corresponding indicators have not been phrased in a way which would reflect the result of the outcomes. The rating for the Project's objective is considered as Satisfactory (S), because

- The Project successfully tested tools and instruments which have a potential for enhancing the financial sustainability of Montenegro's PA system;
- The Project built capacities to apply such tools and instruments;
- The Project successfully developed a National Protected Area Financial Plan;
- The Project thus created a basis for increasing the financial sustainability of the PA system;
- The financial sustainability of the PA system showed according the financial sustainability score a significant, but moderate increase.

However,

- The financial sustainability of Montenegro's PA system is still challenging;
- There is a high risk that the technical studies, training and other measures conducted by the Project will not be followed-up appropriately

## Relevance

The Project is consistent with GEF strategies and strategic programme: it is aligned with GEF-4's Strategic Objective (SO) 1 of the Biodiversity focal area, 'Catalyzing Sustainability of Protected Areas Systems'. The Project is further consistent with Strategic Programme's (SP) 2 and 3 of SO 1; 'Increasing Representation of Effectively Managed Marine Protected Areas in Protected Area Systems' and 'Strengthening Terrestrial Protected Area Networks'. The Project is thus highly relevant for achieving GEF's Strategic Objective.

On a national level, the Project is considered relevant as it addresses with the financial sustainability a highly critical issue of the PA system, and tackles aspects such as decentralization of the management of natural resources, participation of local stakeholders, enhancing local ownership for protected areas, securing the economic resources needed for managing biodiversity, etc. The Project is therefore a critical element for the overall sustainability of Montenegro's PA system.

The Project concentrated its efforts on national parks and regional parks, but largely ignored other protected areas such as strict protected areas and other types of PAs. Montenegro has e.g. 21 protected beaches, which are rented out by the Public Enterprise 'Morsko Dobro'. This generates a significant yearly income (the annual budget is Euro 6.0 million), which is re-invested. The Project did not examine whether these funds are actually used for conserving biodiversity and how this system of cash flow could be further optimized to obtain a maximum of environmental benefits.

Montenegro has furthermore over 40 'Natural Monuments', 4 'Landscapes of outstanding importance', etc. These categories are poorly managed and the financial gap may be bigger than for other areas. However, this issue was also not tackled by the Project.

**Rating:** UNDP's rating system allows assessing the relevance of a project either as "relevant" or "not relevant". As this example shows, this is not appropriate. It would be fully justified to apply a rating system which allows finer distinctions on the scale from highly relevant to not relevant project concepts.

The rating for project's relevance is considered as 'relevant' (R), because

- The Project addresses with the financial sustainability a key issue necessary for operating Montenegro's PA system;
- The Project is in line with GEF's global objectives;
- The Project suggested and tested innovative and appropriate tools for enhancing the financial sustainability of Montenegro's PA system.

However,

- The Project does not pursue a reasoned intervention logic: the project objective suggests an enhanced financial sustainability of Montenegro's PA system at the end of the Project, while the outputs and activities foresee only studies and other measures on pilot level without putting these into practice and up-scaling them;
- The Project does not target the entire PA system as it largely ignores PA categories such as protected beaches (with a high potential for financial sustainability) or natural monuments (for which funds are practically not available).

## Effectiveness

The Project delivered most of its outputs and outcomes and can be considered highly effective. However, the financial sustainability of the PA system is not significantly higher at the end of the operations than at the beginning. This controversial situation can be explained by the fact that the outputs and outcomes did not automatically lead to the expected overall outcome (objective) of the Project due to shortcomings in project planning. The project objective was too ambitious and goes far beyond that what could be achieved with the outputs and activities as per Results Framework.

The attainments of the outputs have been described and analysed in detail in chapter 3.3.1. The table below gives a summary, which shows that the results achieved are largely in line with the planned results.

Table: Project Effectiveness on Output level. A 'yes' in parenthesis stands for a 'qualified yes'.

No.	Brief description	Result	Results achieved?
1.1	Economic valuation	Study successfully completed.	Yes
1.2	National Protected Area Financial Plan (NPAFP)	Compilation of NPAFP almost completed, not yet adopted.	(Yes)
1.3	Regulatory instruments	Several studies conducted; recommendations for legislation improvement provided; operating systems for PENP in place; financial software used.	(Yes)
2.1	PES	PES revealed as little useful in Montenegro's context, but identified opportunities to make it useful through the recognition in legislation.	Yes
2.2	Tourism concession piloted	Studies completed; concession agreements developed; no concession piloted.	(Yes)
2.3	Adventure-based tourism	Studies completed; income from adventure-based tourism not increased.	(Yes)
3.1	Business planning introduced	Business plans as elements of management plans realised.	(Yes)

3.2	Fundraising capacity increased	Training measures conducted.	(Yes)
3.3	'Help desk'	Measures conducted.	(Yes)

**Rating:** The rating for project's effectiveness is considered as 'Satisfactory' (S), because

- The Project delivered practically all outputs as defined in the Project Results Framework.

However,

- The Project could not achieve its objective, which is, however, due to deficiencies in project planning rather than in shortcomings in implementation (no logical flow from outputs over outcomes to objective).

### Efficiency (Cost-effectiveness)

The efficiency of the administrative, logistical and financial management mechanisms have been applied in support of the project. Several randomly selected activities have been screened for cost-effectiveness, and have been found to be cost-effective and priced competitively based on effective tender procedure.

The Project was managed by a small team consisting of a project manager, assistant and coordinator, and all of them worked on a part-time basis (i.e. they shared their jobs between PAS and PAF). This was possible due to the joint implementation with the PAS project, and all staff was shared between these two projects. In this way, the Project succeeded to keep the management costs distinctly below 10 per cent of the overall project value, which is lower than usual standards (see also chapter on Project Finance). Management costs still remained under the 10 per cent threshold also after the extension of the project implementation period from three to finally five years.

The Project called upon national and international consultants; many of the international consultants came from the region (former Yugoslavia) and contributed knowledge and experience from similar socio-economic conditions. The Project spent altogether approximately US\$140,000 for international and US\$170,000 for national consultants, and thus pursued a balanced approach.

The Project initiated two Postgraduate Studies Programmes on Protected Area Management and Rural Development, one with the Mediterranean University, another with the University Donja Gorica (UDG). There was apparently overlap between the two courses and with an overall participation of 20 respectively 26 students. Initiating two different courses with two different universities at the same time does not appear to be cost-effective.

A study tour to New Zealand for decision-makers from Montenegro (8 participants) organised and funded by the Project is not regarded an adequate and cost-effective means to study eco-tourism.

**Rating:** The rating for project's efficiency (cost-effectiveness) is considered as 'satisfactory' (S), because

- Financial management has been generally efficient and satisfactory, however some spending items are questionable.

## Country ownership

*Project ownership:* The country ownership for the Project as a whole was weak, and the application of the DIM modality, through which UNDP became the implementing and executing organisation at the same time may be one of the reasons for it. None of the stakeholders interviewed during the TE took responsibility for the Project as a whole. Steering Committee meetings were conducted only on a yearly basis, and this is further evidence that the members of the PSC were not much engaged in proactively steering and managing the Project.

On the other hand, the various target groups showed strong ownership for those aspects of the Project which were directly related to them. The National Parks Public Enterprise, for example, showed big interest and ownership in aspects related to PES in national parks or in strengthening their fund-raising capacities, or the municipalities in the Komovi Regional Park showed big interest in tourism concessioning, etc.

Civil society was involved in project activities mainly as consultants and sub-contractors. There was no representative of the civil society in the PSC.

*Government policies:* The ProDoc gives a detailed description how the Project responds to a number of policy documents that frame the government policies and strategies for biodiversity conservation and the establishment and management of protected areas in Montenegro. This analysis is good evidence that the Project is fully aligned with government policies.

*Adoption of suggestions for the regulatory framework:* Several regulatory instruments elaborated by the Project (see output 1.3) have been adopted by the government, which is good evidence for country ownership.

*Financial contributions of the government:* The financial commitments of the government are not clear. The ProDoc lists a cash contribution of US\$1,450,000 and in kind contributions of US\$ 5,475,000. There was no direct financial government contribution through UNDP, and has probably never been foreseen. The TE is not aware of any financial contribution of the government which would exceed the regular government budget.

## Mainstreaming

*UNDP country programming:* At the time of the design of the PAF Project, there was no United Nations Development Action Framework (UNDAF) available. An Integrated UN Programme for Montenegro for the period 2012-2016, the first UNDAF for Montenegro, was endorsed in April 2010. It provided a framework for coherent and coordinated UN development assistance for the period 2012-2016 that recognises the European Union accession as the overarching national priority, and social inclusion, democratic governance and sustainable economic development based on sustainable planning and use of natural resources as specific areas of Government – UN cooperation. The Project is thus in line with the spirit and the specific UNDAF goals.

*Participation of local communities:* The Project worked on local level with municipalities and local communities. Income generation for the communities living around the national and regional parks was a central task of the Project. Although a representative of the municipalities served as member of the Project Steering Committee, the TE had the impression that communication with local stake-

holders and project beneficiaries, as well as dissemination of project outputs was sometimes insufficient.

*Policy framework:* The direct impacts of the Project were targeted at the improvement of the national legislation and regulations that promote updating and modernization of governance approaches at the state level. Output 1.3 specifically deals with the regulatory framework, and a series of recommendations on how to improve the framework have been elaborated, discussed and submitted to the responsible authorities. Some of these have been adopted; others are still in the process of discussion.

*Natural disasters:* While a better management of natural resources will lead to enhanced ecological stability and hence also to reduce natural disasters, this subject was not specifically targeted by the project. There is no direct impact on disaster reduction.

*Gender mainstreaming:* The project objective is related to the financial sustainability of the PA system, with no direct link with how it affects the gender situation in Montenegro. Indirectly, the project may promote the generation of new forms of income from the sustainable use of natural resources (e.g. development of small and medium-sized enterprises). As such, the project can potentially contribute to a decrease in women unemployment and an economic development of the area. As the project did not have a measureable impact on employment and income generation, there was also no evident impact on gender issues.

The gender issue was not raised by the project specifically, but the project team composition and representatives of the key stakeholders show obviously that there were no gender restrictions during project implementation: women are often even more active in the discussions and decision making in project issues rather than males. Also, the majority of participants of the post-graduate training courses organised by the project at two local universities were women. It is not known whether their newly gained knowledge contributed to the advancement in their careers, due to the lack of a tracking system in this area.

## **Impact**

While the Project delivered most of the foreseen outputs and achieved the foreseen results, it was not very successful in introducing visible and measureable changes in Montenegro's PA financing. With a batch of technical studies and pilot measures, the Project could show what will probably work in Montenegro and what will not work. However, the Project did not introduce one single measure which had a measureable impact on the financial sustainability of the PA system.

The Project did not focus sufficiently on change management, on putting the results of the feasibility and other studies into practice. Change management is an approach to transitioning individuals, teams, and organisations to a desired future state. The critical aspect of change management is to win the buy-in of the PA stakeholders on the change.

The Project did not develop an exit strategy, i.e. the Project does not offer solutions how to follow-up project measures. Example: based on the National Protected Area Financial Plan (NPAFP) the Project elaborated sound studies and concepts for tourism concessioning and for developing adventure-based tourism. No concrete negotiations were performed, however, with potential concessionaires or investors in adventure-based tourism. No such business contacts were facilitated, and there is no plan how to find these investors and concessionaires and how to negotiate with them.

**Rating:** UNDP's rating system for impact has only three values: significant, minimal and negligible. The TE is aware that this rough rating system, which does not foresee a rating for moderate impact, cannot fully reflect the situation of the Project.

The rating for Project's impact is considered as minimal (M), because

- The Project provided training for the PA institutions and contributed towards developing their capacities in respect to managing the PA system more efficiently;
- The Project provided technical studies which show how sustainable income for the PA system can be generated.

However,

- The financial sustainability of Montenegro's PA system is considered not to be at a significantly higher level at the end of the Project than at its begin;
- There is no exit strategy how to follow up the project measures and how to put the positive project results into practice.

## Sustainability

The rating of the sustainability of the Project outcome (objective) is based on the level of risk to sustainability across four dimensions: financial, socio-political, institutional framework and governance, and environmental. The sustainability of the Project measures is closely linked with the impact. As the Project faces serious challenges as regards its long-term impact, the same is automatically also true for sustainability.

*Financial dimension:* The Project laid the foundation for the PA system being financially sustainable: it showed how the income can be generated through Payment of Ecosystem Services (PES), tourism concessions, and user fees from adventure tourism, and what the necessary prerequisites are. For the case of PES, it turned out that this approach is currently not suitable under Montenegro's economic and political conditions. This result, although negative, constitutes very useful guidance for the decision-makers in Montenegro and gives further work the right direction. The Project also contributed towards strengthening the capacities of the PA Institutions and to work more efficiently. This will also have a long-term impact on financial sustainability. On the other hand, there is serious doubt whether in the absence of a driving force such as UNDP; it will be possible to turn the information and knowledge generated by the Project into practical and tangible results. There are still considerable hurdles to overcome until e.g. national parks can generate income from tourism concessions or from adventure-tourism, or until the business plans developed by the Project will result in concrete cash flow to the benefit of the PAs.

*Socio-political dimension:* The Project has shown the economic value of the country's PA system and has undertaken efforts to promote this information among decision-makers. However, biodiversity conservations ranks in Montenegro, as in many other countries, low on the political agenda. The Project has shown that a large number of adaptations of the regulatory framework is necessary to put the results of the Project into practice. During the lifetime of the Project, UNDP and PMU was the platform and motor which promoted and carried forward the relevant issues. After completion of the Project, the ownership for the entire process will decrease among the PA institutions, and this will also lead to less engagement. Relevant PA institutions (in particular MSDT and National Parks Public Enterprise) do not have allocated extra budgets for carrying on the work. The socio-political risks are therefore considered moderate to significant.

*Institutional framework & governance:* Although the institutional framework and governance structure for managing Montenegro's PA system is split over a few organisations with different functions and strengths and weaknesses, it is appropriate, and as far as it was understood during the TE, no changes are foreseen or even discussed. Despite capacity-building delivered by the Project, the technical know-how is not sufficient. There is e.g. not even a transparent system for having full control over the entrance fees collected in national parks.

*Environmental:* The Project throughout its lifetime and with all its outputs, outcomes and its objective was very much aimed at generating income to PA Management, without a clear vision what this additional income is needed for. Biodiversity was never in the focus of the Project, and it has never been assessed what type of biodiversity should be protected with what kind of measures, and what these measures will cost. Such issues are usually defined in management and action plans for certain species of wildlife or for certain habitats. There is therefore some risk whether an improved financial situation of Montenegro's PA system will actually be used to improve biodiversity conservation.

**Rating:** The rating for project's overall likelihood of sustainability is considered as Moderately Likely (ML), which means that there are moderate risks for sustainability. This rating' is based on the following observations:

- The Project could demonstrate through technical studies and other means how to achieve financial sustainability, but putting the results into practice and upscale them is left to the time after the Project;
- Nature conservation ranks in Montenegro, as in many other countries, is low on the political agenda, and the political incentives to make the necessary decisions e.g. for adapting the regulatory framework are low;
- The Project contributed towards developing the institutional capacities, but the ownership of the PA institutions for the process as a whole is limited in particular under the conditions of absence of external funding;
- As financial sustainability of the PA system does not necessarily lead to enhanced biodiversity conservation, there are still many risks which are beyond the control of the Project.

#### **4. Conclusions, Recommendations & Lessons**

The Project is in principal regarded as a successful one. Nevertheless, there are not insignificant risks that the results of the Project will sustain.

The Project has significant achievements as regards the regulatory framework for financing the PA system. Almost all relevant and significant legislation for PAs in respect of their institutional and financial capacity is undergoing amendment procedures following recommendations elaborated by the Project. The findings and recommendations definitely contribute to establishing an enabling environment for improved financial sustainability.

The Project spent enormous efforts to build the capacities of the PA institutions, and did this through training-on-the-job, postgraduate university education, study tours, advisory services provided by national and international consultants, etc. The measures were aimed at building the capacities at different levels within the PA institutions (vertical approach), and for different institutions (horizontal approach). It seems that this systemic approach could have been strengthened through a more focused approach. The capacity shortcomings of some local institutions are very challenging, and the

Project evidently cannot solve all of them. Instead of applying a scattergun approach which spreads the resources too thinly, capacity development measures following specific, tailored-made action plans for a few, carefully selected institutions would have been a promising alternative approach.

The pilot measures in some of the PAs of Montenegro dealt with PES, tourism concessioning and the development of adventure tourism. It is in the nature of pilot measures that they serve for learning and planning. PES revealed as not being an appropriate instrument under Montenegro's institutional, legal and political environment (at least not in the short- and medium-term), and it was shown that the PA institutions cannot rely on it, at least not at present time. The tourism measures were conducted on the level of feasibility studies, which showed e.g. gaps in the regulatory framework, which need to be filled before these resources can be tapped. The measures did not yet result in concrete, tangible benefits for the PAs, and it is still a long way until public-private partnerships will generate income and other benefits from tourism to be used for nature conservation.

## **Recommendations**

There are some key recommendations for the design of similar projects:

- The design of such projects should be less ambitious; it should be clearly outspoken that pilot measures are a tool for learning, and that one cannot expect from pilot measures impacts on national level.
- More responsibility for managing such projects should be given to national institutions; it needs to be avoided that the project carries out tasks which are actually tasks of the national project partners (substitute performance).
- More attention needs to be given to proper project designs; it needs to be avoided that the project takes responsibility e.g. for the adoption of regulatory instruments rather than only for the preparation of the necessary documentation; also more attention needs to be given to the fact whether the planned outcome of the project can actually be expected from the outputs foreseen.
- Such projects – medium-sized projects with limited financial and time horizons – need an exit strategy which defines responsibilities for following-up project measures and which enhance the probability to become sustainable.

Further to these main recommendations, the TE elaborated in cooperation with the TE of the PAS project the following specific recommendations regarding overall Capacity Development (CD) activities:

**Link capacity development implementation activities with baseline findings:** The Project addressed recommendations to assist institutions in actively pursuing PA agenda and achieving desired effects, improve institutions' adaptability to change, create preconditions for political dialogue, and public support. Huge effort was invested in improving skills for PA management and planning, including establishment of a representative PAs and establishment of partnerships with various stakeholders to achieve protection objectives. On the other side, recommendations on improving transparency and accountability of PA institutions, improve leadership in PA institutions, motivation, opportunities for continued staff development, develop appropriate values, integrity and attitudes among PA staff,



and development of systems to measure individual performances and mechanisms for internal monitoring and evaluation were inadequately addressed through the project activities.

**Integrate capacity development indicators to monitor progress made:** Capacity development indicators are the primary operational targets of any capacity development programme, set to guide the identification of specific measures for inducing the process of change toward achieving the development goal. They represent the tool which assures signals for any immediate or gradual modification of the action. Therefore, they should be firmly assimilated in project implementation tracking tool in close collaboration and communication with project beneficiaries.

**Ensure ownership over the capacity development activities:** Capacity development efforts should be defined by strong consensus among stakeholders and owned by the leaders of key beneficiaries involved in the project. The principal goal should be well defined, and its economic and social value clearly articulated and understood, because it determines the purpose and direction of capacity development efforts. The value of capacity development activities should be enunciated in a way that project partners/beneficiaries/stakeholders recruit their awareness and potentials to capitalize on raising their capacities and thereafter initiate and lead changes in approaches towards capacity development at the institutional level.

**Understand capacity development as continuous process:** Stakeholders need to create learning mechanisms that allow information to be absorbed, accumulation of knowledge products and identification of knowledge to be shared. The project should insist on providing the wide platform of information and knowledge sharing between all stakeholders from all levels (central, local) and from all sectors (public, private and NGO). Also, stakeholders need to develop mechanisms to record, monitor, evaluate and direct further capacity development efforts.

**Provide the necessary resources for capacity development:** In order to make the capacities sustained and cultivated further, the project activities should raise awareness on necessity for investment into knowledge. At the moment, country's context considers this investment a cost. However, responsiveness towards external opportunities rely strongly on internal skills to better manage, plan, execute strategies, raise funds, advocate for common interest, etc. and ultimately provide sustainable growth of their institutions and consequently PAs.

**Take care for shared decision-making for capacity development:** Not only institutions should define capacity development needs and decide on their amplification, but it should be a systemic effort approached both horizontally and vertically and in communication with other key stakeholders at the field. Flexible but functional multi-stakeholder structures (including private sector and NGOs) should be established in future to steer the project implementation that would provide for both raising capacities and assure accountability of individuals from key institutions. Also, institutions should develop systems for communicating with their staff and regularly investigate and assess their capacity gaps.

**Capacity development needs to be specific:** Namely, based on the previous analysis projects should unambiguously define which capacities should be raised, for what concrete purpose, as well as target individuals who needs capacity increase.

## **Annexes**

- A.** Terms of Reference
- B.** Itinerary and List of Persons Interviewed
- C.** List of Documents Reviewed
- D.** Project Budget
- E.** Capacity Development Score for Protected Areas System
- F.** Evaluation Consultant Agreement Form

## **Annex A. Terms of Reference**

This document is available as separate electronic file.

## Annex B. Mission Itinerary and List of Persons Interviewed

AC = Aleksandra Crvenica , MK = Max Kasperek.

17 April	Fr	13:30 – Arrival in Podgorica (MK) 15:00 – Team Meeting (Project team + Local consultants for TE)
18 April	Sa	10:00 –Kolasin working group for proclamation of Regional Park Komovi NGO Natura, LTO Kolašin, Representative of Secretariat for Spatial Planning of municipality of Kolašin, Director of NP Biogradska gora
19 April	Su	Visit to NP Biogradska gora 16.00 - Andrijevic
20 April	Mo	10:00 National Parks of Montenegro - Zoran Mrdak 14:00 Environmental Protection Agency - Lidija Scepanovic, Milena Batakovic
21 April	Tu	10:00 – Jelena Knezevic Ministry of Sustainable Development and Tourism 12:00 – Rade Jovovic, Head of Post-Graduate Studies Mediteran University 14:00 – Jelena Janjusevic, Center for Sustainable Development 19:00 – Dr. Thomas Wöhrstein (National Parks on Montenegro) (MK) – HE Gudrun Steinacker (Ambassador of Germany to Montenegro) (MK)
22 April	We	10:30 – Pluzine Municipality – Proclamation of Regional Park (>100 participants)
23 April	Th	10:00 – Dragana Radevic, University Donja Gorica 11:30 – Ministry of Agriculture and Rural Development, Blazo Jokanovic 13:00 – Ministry of Agriculture and Rural development, Ranko Kankaras 15:00 – UNDP main office (MK) 16:00 – Prof. Dr. Vladimir Pesic, University of Montenegro (MK)
24 April	Fr	10:00 – Morsko Dobro, Aleksandra Ivanovic and her team 13:00 – Municipality of Tivat: Zorica Gverovic, Advisor for Communal Affairs, Biljana Krivokapic, Advisor for environmental protection, Vesna Nikolic, Advisor for Urban Planning
25 April	Sa	Field visit to Durmitor National Park (MK)
26 April	Su	Field visit to coastal areas (MK)
27 April	Mo	15:00 – Debriefing Meeting with UNDP staff. 19:00 – Dr. Thomas Wöhrstein (National Parks on Montenegro) (MK)
28 April	Tu	Departure MK.

## **List of persons interviewed**

<to be provided by Ana>

UNDP Country Office

Project Management Unit

Municipality of

Mediterranean University:

## **Annex C. List of Documents Reviewed**

- UNDP Project Document “Catalyzing financial sustainability of the protected area system in Montenegro”
- Mid-Term Evaluation Final Report of “Catalyzing financial sustainability of the protected area system in Montenegro”
- Project Implementation Reviews (PIRs)
- Inception Report
- METT BD Tracking Tool
- Capacity building scorecard
- Financial sustainability scorecard
- Steering Committee minutes
- Annual Work Plans
- Quarterly progress reports,
- Preparatory Studies,
- Endorsement Letter PAF Project,
- Economic valuation of Montenegro’s protected area system, July 2011, ISSP
- The Economic value of Protected areas in Montenegro, ISSP
- Development of National Protected Area Financial Plan (NPAFP) and support in its adoption and establishment of a business support ‘help desk’ to assist in improving the cost-effectiveness of PA institutions (initial and updated)
- Final Draft on Recommendations on new Law on National Parks
- Final Draft on Institutional and Legal Framework
- Final Draft on Recommendations on Financing and Funding of PAs
- Final Draft on Biodiversity Offsets Analysis
- Final Draft on Analysis and options of Concession Agreements
- Analysis and Letter to State Secretariat for Horizontal Legislation of Montenegro,
- Analysis of the weakest point in the link between the budgeting process and implementation of key activities of the Public Company National Parks,
- Legal Analysis and recommendations on financing and funding mechanisms of protected areas,
- Comments on the Law on National Parks,
- Assessment of reorganization in PENP in accordance with the Law on improvement of business environment,
- Financial Management and Control,
- The Rulebook on internal procedures and other documentations,
- The Rulebook on financial operations,
- The Rulebook on accounting policies,
- The Rulebook on the method of recording and paying purchase invoices,
- The Rulebook on the method of recording and issuing output invoices,
- The Rulebook on cash operations,
- Mechanisms for mainstreaming a sustainable biodiversity economy, including payments for ecosystem services,
- Development of the Adventure Tourism Strategy,
- Plan for the use of Tara river,
- Media analysis and pools for branding,
- Focus groups for branding,
- Internet pools for branding,
- Philosophy of branding of PENP,
- Research for branding strategy,
- Propositions for the visual identity (5), and generic logos of protected areas,

- BPNP Prokletije,
- BPNP Biogradska gora,
- BPNP Durmitor,
- Rulebook for preparation of business plans,
- Regulations and collisions between laws,
- Tivat Saltpan – Management Plan,
- Tivat Saltpan – draft assessment,
- Vulnerability Assessment of the Narrow Coastal Zone,
- General Vulnerability Assessment,
- CAMP Montenegro – Summary Assessment of attractiveness and suitability of the coastal zone of Montenegro for development of agriculture
- Capacity Assessment of the Ministry of Spatial Planning and Environment,
- TNA General Report,
- Improvement of monitoring and financing,
- Cable car project,
- PES sustainable economy mechanisms,
- ENVSEC Report,
- Application for Czech-UNDP Trust Fund,
- Eco Challenge,
- Balkans sustainable Tourism Study tour – New Zealand,
- Specialist studies National Park Management,
- Request for Accreditation,
- UDG Progress Reports.

## Annex D. Project Budget

Comparison of the project budget as per Project Document and at the end of the project (31.12.2014 plus forecast for 2015).

Original budget from Prodoc								Disbursement						
GEF Out-come/Atlas Activity	Responsible Party (Implementing Agent)	Atlas Budget-ary Account Code	ATLAS Budget Description	Amount (USD) Year 1	Amount (USD) Year 2	Amount (USD) Year 3	Total (USD)	Dis-bursed till end of 2010 (USD)	Dis-bursed budget for 2011	Dis-bursed budget for 2012	Dis-bursed budget for 2013	Dis-bursed budget for 2014	Total Dis-bursement - till end 2014	Budget for 2015
COMPONENT 1: Enabling legal and policy environment for improved PA financial sustainability	Ministry of Spatial Planning and Environment (MSPE)	71200	International Consultants	0	8.000	0	8.000	0	20.357	24.506	0		44.863	
		71300	Local Consultants	57.000	24.000	12.000	93.000	2.026	13.150	18.568	9.006	2.154	44.904	
		71600	Travel	2.000	3.000	1.000	6.000	2.342	2.248		0		4.590	
		72100	Contractual services - companies	18.000	51.000	0	69.000		42.425	39.773	0		82.198	
		74100	Professional services	4.000	5.000	3.000	12.000		0		0		0	
		74200	Audio visual and printing costs	2.000	4.000	2.000	8.000	797	1.526	1.268	2.382	1.186	7.159	
		74500	Miscellaneous	1.000	2.000	1.000	4.000	397	65		0	32	494	
	TOTAL OUTCOME 1			<b>84.000</b>	<b>97.000</b>	<b>19.000</b>	<b>200.000</b>	<b>5.562</b>	<b>79.771</b>	<b>84.114</b>	<b>11.388</b>	<b>3.372</b>	<b>184.207</b>	<b>15.793</b>
COMPONENT 2: Securing revenue streams for the PA system	Ministry of Spatial Planning and Environment (MSPE)	71200	International Consultants	15.000	66.000	28.000	109.000	0	14.846	27.472	35.123	1.662	79.103	
		71300	Local Consultants	9.000	39.000	27.000	75.000	0	0	14.831	37.831	24.267	76.929	
		71600	Travel	4.000	5.000	3.000	12.000	0	1.544	132	451	889	3.016	
		72200	Equipment and furniture	8.000	16.000	14.000	38.000	0	0		5.547	41.828	47.375	
		72300	Materials and goods	16.000	34.000	14.000	64.000	0	0			6.050	6.050	
		74100	Professional services	25.000	52.000	22.000	99.000	0	0		30.531	155.411	185.942	
		74200	Audio visual and printing costs	4.000	8.000	15.000	27.000	0	5.300	1.372	1.199	8.926	16.797	
		74500	Miscellaneous	3.000	2.000	1.000	6.000	0	180	60	603	1.382	2.224	
	TOTAL OUTCOME 2			<b>84.000</b>	<b>222.000</b>	<b>124.000</b>	<b>430.000</b>	<b>0</b>	<b>21.870</b>	<b>43.867</b>	<b>111.284</b>	<b>240.415</b>	<b>417.436</b>	<b>12.564</b>
COMPONENT 3: Development of institutional and individual capacity of PA institutions to raise PA	Ministry of Spatial Planning and Environment (MSPE)	71200	International Consultants	0	6.000	6.000	12.000	0	55	11.932	677	5.544	18.208	
		71300	Local Consultants	25.000	40.000	10.000	75.000	0	1.177		30.094	18.870	50.141	
		71400	Contract services - individuals	10.000	35.000	10.000	55.000	0	0	756	4.096	25.755	30.607	
		71600	Travel	2.000	8.000	4.000	14.000	0	5.677	252	315	5.238	11.481	



management cost- effectiveness		72100	Contractual services - compa- nies	20.000	35.000	5.000	60.000	0	8.791	23.949	10.567	28.990	72.296	
		72800	Information and Technology Equipment	5.000	1.000	1.000	7.000	0	5.554		6.133	11.558	23.244	
		74500	Miscellaneous	1.000	1.000	0	2.000	0	271	424	38	1.839	2.572	
	TOTAL OUTCOME 3			<b>63.000</b>	<b>126.000</b>	<b>36.000</b>	<b>225.000</b>	<b>0</b>	<b>21.525</b>	<b>37.313</b>	<b>51.919</b>	<b>97.793</b>	<b>208.550</b>	<b>16.450</b>
PROJECT MAN- AGEMENT	Ministry of Spatial Planning and Environment (MSPE)	71300	Local Consultants	30.000	30.000	30.000	90.000	0	33.477	25.505	14.739	15.238	88.959	
		72800	Information and technology equipment	5.000	0	0	5.000	0		324	0		324	
				18.000	12000	10000	40.000	0	10.000	10.000	16.985	3.015	40.000	
	Total Project Management			<b>53.000</b>	<b>42.000</b>	<b>40.000</b>	<b>135.000</b>	<b>0</b>	<b>43.477</b>	<b>35.829</b>	<b>31.724</b>	<b>18.253</b>	<b>129.283</b>	<b>5.717</b>
			<b>TOTAL:</b>	<b>284.000</b>	<b>487.000</b>	<b>219.000</b>	<b>990.000</b>	<b>5.562</b>	<b>166.643</b>	<b>201.124</b>	<b>206.315</b>	<b>359.833</b>	<b>939.476</b>	<b>50.524</b>

## **Annex E: Capacity development score for protected areas system**

### **Capacity development score for protected areas system**

GEF/ UNDP projects:

*Strengthening the Sustainability of the Protected Areas System of Montenegro (PAS)*

and

*Catalysing Financial Sustainability of the Protected Area System in Montenegro (PAF)*

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Podgorica, May 2015

## 1. Introduction

The report *Capacity development score for protected areas system* has been prepared as an annex to the Terminal Evaluation for two GEF/ UNDP projects: *Strengthening the Sustainability of the Protected Areas System of Montenegro* and *Catalysing Financial Sustainability of the Protected Area System in Montenegro*.

The purpose of the report is to showcase the level of capacity increase as opposed to the baseline assessment conducted in scope of the preparatory studies for the development of GEF/ UNDP projects - *Analysis of the Capacity of Protected Areas Institutions*, produced in March 2009.

The baseline report described the key roles and responsibilities of a range of public sector institutions for protected areas management, as well as roles of other relevant stakeholders, strengths and weaknesses of protected areas institutions and results of Capacity Development Indicators scorecard, as well as financing of the protected areas system and related issues.

The report in hand focuses primarily on results of Capacity Development Indicators scorecard to measure the growth of capacities upon the completion of both projects, given their focus on development of institutional and individual capacities for better management and better cost-effectiveness of protected areas (PAS: Outcome 2 and PAF: Outcome 3). Further to this it analyses the scores against the indicator values of the SO-1: Catalysing Sustainability of Protected Area Systems and the impact that was designed to be achieved: Biodiversity conserved and sustainably used in protected area system which were given in the Project Documents.

## 2. Capacity development assessment

In order to examine the level of capacity development increase within the PA institutions against baseline data, Capacity Development Indicator scorecard that was used for the reference point was updated with new scores (see the Annex 1 of this document).

The approach in measuring capacities that was used in the project preparation phase was rehearsed and applied, to provide comparability of the data and clear measurement of the capacity level change. Generally, the approach followed the UNDP/ GEF Capacity Development Indicators Resource Kit, according to which the capacity development is defined as 'the process by which individuals, entities (groups, organizations or institutions) and systems (countries or societies) increase their individual and collective abilities to: 1) perform core functions, resolve problems, and define and achieve objectives; and 2) understand and deal with their development needs within a broad context and in a sustainable manner'.

Capacity development is a process of change that aims to induce various actors to adopt new responsibilities, skills, behaviours, values, and policies. It entails behavioural changes at two levels:

- ✓ Among individuals (i.e. human and social capital) so that with new knowledge, skills, attitudes, values and relationships, they can leverage strengths and create new opportunities;
- ✓ In the performance culture of entities (i.e. organizational capital) so that with adoption of new information, technologies, strategies, policies, values and/or responsibilities, individuals collectively can improve organizational structures and systems,

both from within and outside organizations, thereby influencing reforms in larger systems and societies.

Capacity Development scorecard is developed to assess five components of capacity at individual, institutional and systemic levels. These components are:

1. Capacity to conceptualize and formulate policies, legislations, strategies, and programmes
2. Capacity to implement policies, legislations, strategies, and programmes
3. Capacity to engage and build consensus among all stakeholders
4. Capacity to mobilize information and knowledge
5. Capacity to monitor, evaluate, report and learn

Assessments of the components were conducted through sets of questions designed for each level included in the scorecards. Scoring system applied was based on deciding on one of the four scores (as an answer that best describes current situation). Assigned scores were ranging from 0 (for the worst situation) to 3 (for the best)<sup>7</sup>.

Institutions that were assessed by Capacity Development Indicator scorecard were the ones that had a key role in both PAS and PAF projects: Ministry for Sustainable Development and Tourism (MSDT), Public Enterprise National Parks (PENP), and Environment Protection Agency (EPA), as during the baseline assessment. “Morsko dobro” PA management body responsible for coastal zone PAs (21 in total: 20 IUCN III category, and one of IUCN I) since 2013, was also taken in consideration when assigning capacity development scores.

Although the projects involved other categories of PAs, such as: Regional Parks, Marine Protected Areas, Emerald and Natura 2000, the capacities for managing the institutions remained to be developed further outside of the projects, as there is still neither institutional modelling, nor real work experience therein. PAS project succeeded to proclaim new protected areas, but the proclamation was belated and close to the project ending, restricting evaluation of predicted capacity building effort. On the other side, other institutions and organizations (public, private, and civil belonging to central and local level) that have a role in managing PAs were not assessed directly, but through the lens of auxiliary mechanisms in reaching five components of capacity. This was due to the time limitations for the task, as well as mapping and meeting the key managerial structures within the current PAs to avoid approximation and provide the most reliable data as possible. Also, the focus on key beneficiaries of the PAS and PAF project allows for interpretation of the capacity development that the projects succeeded to rise and provides noteworthy amount of information for making the recommendations and defining lessons learnt.

Such an approach provided rather close tactics to the baseline assessment and allowed reflection of the project success in raising capacities within PAs.

Baseline data on overall results of the scorecard for Montenegrin PAS are presented in the table.

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<sup>7</sup> Descriptive and numerical scores are the following: 0 – worst state; 1 – marginal state; 2 – satisfactory state; and 3 – best state.

**Table 1: Baseline Capacity development scorecard results**

Areas	Scores	% of total
Capacity to conceptualize and formulate policies, legislations, strategies and programmes	5	56
Capacity to implement policies, legislation, strategies and programmes	25	52
Capacity to engage and build consensus among all stakeholders	5	33
Capacity to mobilize information and knowledge	3	33
Capacity to monitor, evaluate, report and learn	3	20
Levels	Scores	% of total
Systemic	11	37
Institutional	23	51
Individual	7	33
<b>Total score</b>	<b>41</b>	<b>43</b>

Terminal data on overall results of the scorecard for Montenegrin PAS are presented in the Table 2.

**Table 2: Capacity development scorecard results at the projects termination**

Areas	Scores	% of total
Capacity to conceptualize and formulate policies, legislations, strategies and programmes	5	56
Capacity to implement policies, legislation, strategies and programmes	24 <sup>8</sup>	50
Capacity to engage and build consensus among all stakeholders	7	47
Capacity to mobilize information and knowledge	4	44
Capacity to monitor, evaluate, report and learn	5	33
Levels	Scores	% of total
Systemic	15	50
Institutional	22 <sup>9</sup>	49
Individual	8	38
<b>Total score</b>		

### 3. Financial sustainability assessment

Financial sustainability scorecard for national systems of protected areas was developed by UNDP in project preparation phase to help governments and project implementation teams to track progress in making PA systems financially sustainable.

According to the UNDP guidance note on financial scorecard, protected area ‘financial sustainability’ refers to the ability of a country to meet all costs associated with the management of a protected area system. This implies a funding ‘supply’ issue of generating more revenue, but as importantly, a ‘demand’ side challenge of accurately defining PA financing needs.

Structure of the scorecard was such that it allowed an assessment of the three main components of the PA financial system, namely: 1) Legal, regulatory and institutional frameworks<sup>10</sup>;

<sup>8</sup> The score given here present absolute value. However, the change was achieved compared to the baseline score for +1. Due to omit in counting maid at the baseline it looks like capacities decreased. If the counting was based on the compared value with the baseline, the score would be 25. The percentage is not calculated against the baseline omit, as there is no information on the whole score.

<sup>9</sup> Omit made at the baseline is consequently reflected at the levels, here specifically Institutional one. The value at Institutional level compared with the baseline would be +1, what equals to score 24.

<sup>10</sup> Two scoring systems overlap in the component dealing with the improvement of legislation and joint scores could have been allocated for both PAS and PAF projects. However, assessors decided to keep it separate, to assure correct inference on the progress of both projects against already set baselines.

2) business planning and other tools for cost-effective management; and 3) tools for revenue generation.

Scoring system relied on a series of questions regarding financial management of the PA system for each element/ component of the scorecard; scores ranging from 0 to 3 (in certain elements 5) were assigned (e.g. 0 for non-existent mechanism, 1 for partial etc.).

The findings on the scores at the end of the project can be found in table 3 along with their baseline values.

**Table 3 -Financial Sustainability Scorecard Ratings<sup>11</sup>**

	Baseline	Final (2015)
Component 1: Legal, regulatory and institutional frameworks	26	31
Component 2: Business planning and tools for cost-effective management	16	21
Component 3: Tools for revenue generation by PAs	8	10
<b>Totals:</b>	<b>50 (26%)</b>	<b>62 (33%)</b>

#### 4. Interpretation of data

##### 4.1 Comparison of changes achieved between baseline and final evaluation phases

###### 4.1.1. Capacity development

###### Areas

Capacity to conceptualize and formulate policies, legislations, strategies and programmes remained at the same level as when assessed for the baseline and had highest scores of all five areas, with 56% of the total.

Capacity to implement policies, legislation, strategies and programmes seems to be decreased. However, the difference in result revealed the error in totalling the baseline scores, therefore giving wrong impression that capacities have decreased. On the contrary, they increased in one specific item. Scorecard indicator table pinpointed that capacity increased in systemic capacity level measuring outcome: *“There are protected area systems”*, while the other capacities from this area of support remained the same.

Capacity to engage and build consensus among all stakeholders increased from 33% to 47%. Specifically, outcome: *“Protected areas have the political commitment they require”* are assessed with higher score than at the project implementation commencement and their indicator is scored as satisfactory (assigned the score 2) and described as: Protected area system is covering a reasonably representative sample of the major habitats and ecosystems, but still presents some gaps and not all elements are of viable size. Further to that, public support PAs require is also assessed as satisfactory (improvement was made), as there is potential created for general public support for protected areas and various lobby groups such as environmental NGO's to strongly push this agenda.

<sup>11</sup> It was noted that the percentages were calculated with certain omissions in the baseline. For the purpose of accuracy, the table in annex was used for the final assessment and only scores are used, not percentages to allow comparison of progress.

Capacity to mobilize information and knowledge has increased from 33% to 44%. Improvement is noted at individual level and refers to individuals working with protected areas, suggesting a change toward working effectively together as a team (assigned score 2).

Capacity to monitor, evaluate, report and learn has also increased (33% as opposed to initial 20%). Improvements deal primarily with continual review and update of protected area policy and potential for better adaptability of institution to responding effectively and immediately to change (scored 2 - Institutions tend to adapt in response to change but not always very effectively or with some delay).

## **Levels**

As for the capacity levels, results of the scorecard indicate that systemic and individual levels have received better scores compared to the initial. Institutional level has revealed the decrease in capacity. However, checking the scores, it was noted that the omission was made at the baseline, as the final score at institutional level compared with the baseline is increased for 1 point.

At the individual level, the capacity development indicate change in only one segment Having the baseline very low and coming from 7 to 8 in scores this does not seems to be sufficient progress for changing attitudes and behaviours, which should have been attained imparting knowledge and developing skills. It comes to the similar situation where weak point of capacity development improvement is connected to the weakness in capacities to practise processes of learning-by-doing, participation, ownership, and processes associated with increasing performance through changes in management, motivation, morale, and improving accountability and responsibility.

Capacity development at the organizational level focuses on overall performance and functioning capabilities, such as developing mandates, tools, guidelines, and management information systems that facilitate and catalyze organizational change. At the organizational level, capacity development scorecard showed improvement in only one of many areas assessed (+1 score) failing to demonstrate important achievements.

At the systemic level, capacity development was most successful on the points of “enabling environment”, but also importantly enough working on the relationships and processes between organizations, both formal and informal, as well as their mandates.

### **4.1.2. Financial sustainability**

The Financial Sustainability Scorecard rating has increased by 13 points between the baseline and final value with an increase of 6 points for legal, regulatory and institutional frameworks, 5 points for business planning and tools for cost effective management and 2 points in tools for revenue generation.

Legal and institutional frameworks: The first criteria improvement (from 26 to 31 points) was due to developed economic valuation of PA system and production of studies that can serve as an input for overall improvement in regulatory and institutional sphere, as well as development of internal operating systems and instruments for PENP, that provides future transparent and accountable financial management.

Criteria on Business planning and other tools for cost-effective management progressed for 5 points owing to development of business plans for four protected areas, to creation of guidelines for replication of the exercise to all PAs, as well as to improvement of cost accounting systems in PENP.

The third component – Tools for Revenue generation remained the weakest one and the modest improvement (2 points) refers to the identification of opportunities for revenue generation.

#### **4.2 Comparison of progress between different capacity results**

Capacities to implement policies, legislation, strategies and programmes, and remaining three capacity areas – referring to systemic, institutional and individual abilities to build consensus and partnerships for PA management, mobilize information and knowledge and monitor and evaluate practices and learn from such processes – received lower scores. Capacity to monitor, evaluate and learn was assessed to be the weakest point in the capacity of PA institutions.

As for the capacity levels, results of the scorecard indicate that individual level need special attention due to lower scores compared to other levels, with special emphasis on measurement of performance and adaptive feedback.

As for the financial sustainability, it is noted that the major improvements are made at redefining legal and institutional frameworks and developing for cost-effective management tools, such as business plans, whereas the tools for revenue generation still need strong support. However, the improvements refer to creation of precondition for sound legal, policy, regulatory and institutional frameworks supportive of effective financial planning. Further capacity development is needed to secure accurate knowledge not only of revenues, but also of expenditure levels, patterns, as well as of benefits of good financial planning and methods for allocating funds across individual PA. Sources of revenue for protected area systems still rely primarily on traditional funding sources – government subsidies and donor projects. Diversification of revenue sources is yet to be dealt with.

#### **4.3. Comparison of changes achieved between baseline and Terminal Evaluation against target values**

Gef- 4 Programme Strategic objective SO-1: Catalyzing Sustainability of Protected Area Systems was designed to measure expected impact through BD Indicator, among others, by protected area scorecards that assess site management, financial sustainability and capacity (see table 4 below). The change to be achieved by the project intervention was designed by target values set in the table: Systemic capacity rises from 37 to 47%; Institutional capacity from 49<sup>12</sup> to 56%; Individual capacity from 33 to 57%.

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<sup>12</sup> In the baseline assessment value for institutional level is 51 not 49. There is one more omit at this level. The baseline assessment submitted to the Support evaluation consultants is Draft version, and maybe the omit is corrected in the Final, if such is produced.



**Table 4: GEF Focal Area Strategy and Strategic Programme CDS Indicator**

GEF-4 BD Strategic objective and programmes	Expected impact	GEF-4 BD Indicators	Project contribution to indicators
SO-1: Catalyzing Sustainability of Protected Area Systems	Biodiversity conserved and sustainably used in protected area system	Extent and percentage increase of new habitat protected (hectares) by biome type in protected area systems that enhances ecosystem representation  PA management effectiveness as measured by protected area scorecards that assess site management, financial sustainability and capacity	Extent of protected area system increased from 108,866 ha to 165,000 ha  METT score for all 80% of the PAS system equals or exceeds 65% rising from current 46-60% levels.  <b>Systemic capacity rises from 37 to 47%; institutional capacity from 49 to 56%, individual capacity from 33 to 57%.</b>
SP-1 Sustainable financing of protected area (PA) systems at the national level	PA systems secure increased revenue and diversification of revenue streams to meet total expenditures required to meet management objectives  Reduction in financing gap to meet PA management objectives	Total revenue and diversification in revenue streams.	Financial sustainability scorecard improves to a score of >55% from the current level of 26%  Total annual budget available for management of PAS increased from a baseline of US\$3,946,611 to >US\$5,100,000  <b>Financial sustainability has raised to 33%.</b>

Next table presents values in % of total, using values set at the baseline, values assessed for the TE and targeted ones set in the Strategic framework for GEF-4.

**Table 5: Comparison of changes achieved between baseline, Terminal evaluation phases and target values**

Levels	Baseline %	At the TE %	Target %
Systemic	37	50	47
Institutional	49 <sup>13</sup>	49	56
Individual	33	38	57

Capacity Development Scorecard Tool values of these three are indicating that significant change was achieved at **Systematic level** of capacity development, exciding the target set in the Strategic framework which was lay down to be 10% increase from the baseline, having actually 13% increase achieved.

<sup>13</sup> The value for the Institutional level baseline is taken from the strategic framework, as this one seems not to be calculated with omit made in the assessment report on the CDS.

The positive change on the **Institutional level** reflected in the score as + 1, was not reflected accordingly in the percentage, due to many omits at this level. The change set by the Strategic framework needed to reach 7% of raise on this level of capacity development, to be up to the target. Change in +1 in scores in the total of 45 points is not significant enough to move these percentages further high and would not have an amplitude (looking at omits made) in which it would have reach designed target.

On the **Individual level** the change was set to reach 24% raise, what is the most of all levels. A lot have been invested during the project implementation to improve capacities at individual level and the change was obtained. However, it did not reach the value which corresponds with the target set in Strategic framework.

Financial sustainability scorecard was planned to be improved to a score of >55% but in fact was raised for 8% (to 33%), due to project contribution in the sphere of detecting the legal constraints and the forthcoming legal changes addressing them. Also, assistance in developing internal operating systems, as well as software programme for PENP influenced the score increase. Diversification of financial inflows still depends on the legal changes and has not improved so far. On the other side, the figures regarding annual budgets for PAs were not assessed, as the interviews revealed that the budget items remained the same and none of the budget lines is introduced to support new service provision.

## 5. Recommendations

**Link capacity development implementation activities with baseline findings:** The project addressed recommendations to assist institutions in actively pursuing PA agenda and achieving desired effects, improve institutions' adaptability to change, create preconditions for political dialogue, and public support. Huge effort was invested in improving skills for PA management and planning, including establishment of a representative PAs and establishment of partnerships with various stakeholders to achieve protection objectives. On the other side, recommendations on improving transparency and accountability of PA institutions, improve leadership in PA institutions, motivation, opportunities for continued staff development, develop appropriate values, integrity and attitudes among PA staff; and develop systems to measure individual performances and mechanisms for internal monitoring and evaluation were inadequately addresses through the project activities.

**Integrate capacity development indicators to monitor progress made:** Capacity development indicators are the primary operational targets of any capacity development program, set to guide the identification of specific measures for inducing the process of change toward achieving the development goal. They represent the tool which assures signals for any immediate or gradual modification of the action. Therefore, they should be firmly assimilated in project implementation tracking tool in close collaboration and communication with project beneficiaries.

**Ensure ownership over the capacity development activities:** Capacity development efforts should be defined by strong consensus among stakeholders and owned by the leaders of key beneficiaries involved in the project. The principal goal should be well defined, and its economic and social value clearly articulated and understood, because it determines the purpose and direction of capacity development efforts. The value of capacity development activities should be enunciated in a way that project partners/beneficiaries/stakeholders recruit their awareness and potentials to capitalize on raising their capacities and thereafter initiate and lead changes in approaches towards capacity development at the institutional level.

**Capacity development is continuous process:** Stakeholders need to create learning mechanisms that allow information to be absorbed, accumulation of knowledge products and identification of knowledge to be shared. The project should insist on providing the wide platform of information and knowledge sharing between all stakeholders from all levels (central, local) and from all sectors (public, private and NGO). Also, stakeholders need to develop mechanisms to record, monitor, evaluate and direct further capacity development efforts.

**Capacity development requires resources:** In order to make the capacities sustained and cultivated further, the project activities should raise awareness on necessity for investment into knowledge. At the moment, country's context considers this investment a cost. However, responsiveness towards external opportunities rely strongly on internal skills to better manage, plan, execute strategies, raise funds, advocate for common interest, etc. and ultimately provide sustainable growth of their institutions and consequently PAs.

**Capacity development needs shared decision making:** Not only institutions should define capacity development needs and decide on their amplification, but it should be a systemic effort approached both horizontally and vertically and in communication with other key stakeholders at the field. The DIM modality that was used at the insistence of the Government of Montenegro (GoM) at the time of project design, due to the limited capacities and heavy workload of the institutions in question should be re-examined. Flexible but functional multi-stakeholder structures (including private sector and NGOs) should be established in future to steer the project implementation that would provide for both raising capacities and assure accountability of individuals from key institutions. Also, institutions should develop systems for communicating with their staff and regularly investigate and assess their capacity gaps.

**Capacity development needs to be specific:** Namely, based on the previous analysis projects should unambiguously define which capacities should be raised, for what concrete purpose, as well as target individuals who needs capacity increase.

## Annex 1: CD Indicator Scorecard for SP1: Protected Areas (Biodiversity)

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			WorstState (Score 0)	MarginalState (Score 1)	Satisfactory State (Score 2)	BestState (Score 3)
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Systemic	The protected area agenda is being effectively championed / driven forward	There is essentially no protected area agenda	There are some persons or institutions actively pursuing a protected area agenda but they have little effect or influence	There are a number of protected area champions that drive the protected area agenda, but more is needed	There are an adequate number of able "champions" and "leaders" effectively driving forwards a protected area agenda
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Systemic	There is a strong and clear legal mandate for the establishment and management of protected areas	There is no legal framework for protected areas	There is a partial legal framework for protected areas but it has many inadequacies	There is a reasonable legal framework for protected areas but it has a few weaknesses and gaps	There is a strong and clear legal mandate for the establishment and management of protected areas
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Institutional	There is an institution responsible for protected areas able to strategize and plan	Protected area institutions have no plans or strategies	Protected area institutions do have strategies and plans, but these are old and no longer up to date or were prepared in a totally top-down fashion	Protected area institutions have some sort of mechanism to update their strategies and plans, but this is irregular or is done in a largely top-down fashion without proper consultation	Protected area institutions have relevant, participatorially prepared, regularly updated strategies and plans
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There are adequate skills for protected area planning and management	There is a general lack of planning and management skills	Some skills exist but in largely insufficient quantities to guarantee effective planning and management	Necessary skills for effective protected area management and planning do exist but are stretched and not easily available	Adequate quantities of the full range of skills necessary for effective protected area planning and management are easily available
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There are protected area systems	No or very few protected area exist and they cover only a small portion of the habitats and ecosystems	Protected area system is patchy both in number and geographical coverage and has many gaps in terms of representativeness	Protected area system is covering a reasonably representative sample of the major habitats and ecosystems, but still presents some gaps and not all elements are of viable size	The protected areas includes viable representative examples of all the major habitats and ecosystems of appropriate geographical scale
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There is a fully transparent oversight authority for the protected areas institutions	There is no oversight at all of protected area institutions	There is some oversight, but only indirectly and in an untransparent manner	There is a reasonable oversight mechanism in place providing for regular review but lacks in transparency (e.g. is not independent, or is internalized)	There is a fully transparent oversight authority for the protected areas institutions
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are effectively led	Protected area institutions have a total lack of leadership	Protected area institutions exist but leadership is weak and provides little guidance	Some protected area institutions have reasonably strong leadership but there is still need for improvement	Protected area institutions are effectively led

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected areas have regularly updated, participatorially prepared, comprehensive management plans	Protected areas have no management plans	Some protected areas have up-to-date management plans but they are typically not comprehensive and were not participatorially prepared	Most Protected Areas have management plans though some are old, not participatorially prepared or are less than comprehensive	Every protected area has a regularly updated, participatorially prepared, comprehensive management plan
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Human resources are well qualified and motivated	Human resources are poorly qualified and unmotivated	Human resources qualification is spotty, with some well qualified, but many only poorly and in general unmotivated	HR in general reasonably qualified, but many lack in motivation, or those that are motivated are not sufficiently qualified.	Human resources are well qualified and motivated
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Management plans are implemented in a timely manner effectively achieving their objectives	There is very little implementation of management plans	Management plans are poorly implemented and their objectives are rarely met	Management plans are usually implemented in a timely manner, though delays typically occur and some objectives are not met	Management plans are implemented in a timely manner effectively achieving their objectives
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are able to adequately mobilize sufficient quantity of funding, human and material resources to effectively implement their mandate	Protected area institutions typically are severely underfunded and have no capacity to mobilize sufficient resources	Protected area institutions have some funding and are able to mobilize some human and material resources but not enough to effectively implement their mandate	Protected area institutions have reasonable capacity to mobilize funding or other resources but not always in sufficient quantities for fully effective implementation of their mandate	Protected area institutions are able to adequately mobilize sufficient quantity of funding, human and material resources to effectively implement their mandate
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are effectively managed, efficiently deploying their human, financial and other resources to the best effect	While the protected area institution exists it has no management	Institutional management is largely ineffective and does not deploy efficiently the resources at its disposal	The institution is reasonably managed, but not always in a fully effective manner and at times does not deploy its resources in the most efficient way	The protected area institution is effectively managed, efficiently deploying its human, financial and other resources to the best effect
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are highly transparent, fully audited, and publicly accountable	Protected area institutions totally untransparent, not being held accountable and not audited	Protected area institutions are not transparent but are occasionally audited without being held publicly accountable	Protected area institutions are regularly audited and there is a fair degree of public accountability but the system is not fully transparent	The Protected area institutions are highly transparent, fully audited, and publicly accountable
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	There are legally designated protected area institutions with the authority to carry out their mandate	There is no lead institution or agency with a clear mandate or responsibility for protected areas	There are one or more institutions or agencies dealing with protected areas but roles and responsibilities are unclear and there are	There are one or more institutions or agencies dealing with protected areas, the responsibilities of each are fairly clearly defined, but there are still	Protected Area institutions have clear legal and institutional mandates and the necessary authority to carry this out

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
				gaps and overlaps in the arrangements	some gaps and overlaps	
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected areas are effectively protected	No enforcement of regulations is taking place	Some enforcement of regulations but largely ineffective and external threats remain active	Protected area regulations are regularly enforced but are not fully effective and external threats are reduced but not eliminated	Protected Area regulations are highly effectively enforced and all external threats are negated
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are able to advance and develop professionally	No career tracks are developed and no training opportunities are provided	Career tracks are weak and training possibilities are few and not managed transparently	Clear career tracks developed and training available; HR management however has inadequate performance measurement system	Individuals are able to advance and develop professionally
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are appropriately skilled for their jobs	Skills of individuals do not match job requirements	Individuals have some or poor skills for their jobs	Individuals are reasonably skilled but could further improve for optimum match with job requirement	Individuals are appropriately skilled for their jobs
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are highly motivated	No motivation at all	Motivation uneven, some are but most are not	Many individuals are motivated but not all	Individuals are highly motivated
2. Capacity to implement policies, legislation, strategies and programmes	Individual	There are appropriate systems of training, mentoring, and learning in place to maintain a continuous flow of new staff	No mechanisms exist	Some mechanisms exist but unable to develop enough and unable to provide the full range of skills needed	Mechanisms generally exist to develop skilled professionals, but either not enough of them or unable to cover the full range of skills required	There are mechanisms for developing adequate numbers of the full range of highly skilled protected area professionals
3. Capacity to engage and build consensus among all stakeholders	Systemic	Protected areas have the political commitment they require	There is no political will at all, or worse, the prevailing political will runs counter to the interests of protected areas	Some political will exists, but is not strong enough to make a difference	Reasonable political will exists, but is not always strong enough to fully support protected areas	There are very high levels of political will to support protected areas
3. Capacity to engage and build consensus among all stakeholders	Systemic	Protected areas have the public support they require	The public has little interest in protected areas and there is no significant lobby for protected areas	There is limited support for protected areas	There is general public support for protected areas and there are various lobby groups such as environmental NGO's strongly pushing them	There is tremendous public support in the country for protected areas
3. Capacity to engage and build consensus among all stakeholders	Institutional	Protected area institutions are mission oriented	Institutional mission not defined	Institutional mission poorly defined and generally not known and internalized at all levels	Institutional mission well defined and internalized but not fully embraced	Institutional missions are fully internalized and embraced
3. Capacity to engage and build consensus among all stakeholders	Institutional	Protected area institutions can establish the partnerships needed to achieve their objec-	Protected area institutions operate in isolation	Some partnerships in place but significant gaps and existing	Many partnerships in place with a wide range of agencies, NGOs etc, but there are	Protected area institutions establish effective partnerships with other agencies and insti-

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
		tives		partnerships achieve little	some gaps, partnerships are not always effective and do not always enable efficient achievement of objectives	tutions, including provincial and local governments, NGO's and the private sector to enable achievement of objectives in an efficient and effective manner
3. Capacity to engage and build consensus among all stakeholders	Individual	Individuals carry appropriate values, integrity and attitudes	Individuals carry negative attitude	Some individuals have notion of appropriate attitudes and display integrity, but most don't	Many individuals carry appropriate values and integrity, but not all	Individuals carry appropriate values, integrity and attitudes
4. Capacity to mobilize information and knowledge	Systemic	Protected area institutions have the information they need to develop and monitor strategies and action plans for the management of the protected area system	Information is virtually lacking	Some information exists, but is of poor quality, is of limited usefulness, or is very difficult to access	Much information is easily available and mostly of good quality, but there remain some gaps in quality, coverage and availability	Protected area institutions have the information they need to develop and monitor strategies and action plans for the management of the protected area system
4. Capacity to mobilize information and knowledge	Institutional	Protected area institutions have the information needed to do their work	Information is virtually lacking	Some information exists, but is of poor quality and of limited usefulness and difficult to access	Much information is readily available, mostly of good quality, but there remain some gaps both in quality and quantity	Adequate quantities of high quality up to date information for protected area planning, management and monitoring is widely and easily available
4. Capacity to mobilize information and knowledge	Individual	Individuals working with protected areas work effectively together as a team	Individuals work in isolation and don't interact	Individuals interact in limited way and sometimes in teams but this is rarely effective and functional	Individuals interact regularly and form teams, but this is not always fully effective or functional	Individuals interact effectively and form functional teams
5. Capacity to monitor, evaluate, report and learn	Systemic	Protected area policy is continually reviewed and updated	There is no policy or it is old and not reviewed regularly	Policy is only reviewed at irregular intervals	Policy is reviewed regularly but not annually	National protected areas policy is reviewed annually
5. Capacity to monitor, evaluate, report and learn	Systemic	Society monitors the state of protected areas	There is no dialogue at all	There is some dialogue going on, but not in the wider public and restricted to specialized circles	There is a reasonably open public dialogue going on but certain issues remain taboo.	There is an open and transparent public dialogue about the state of the protected areas
5. Capacity to monitor, evaluate, report and learn	Institutional	Institutions are highly adaptive, responding effectively and immediately to change	Institutions resist change	Institutions do change but only very slowly	Institutions tend to adapt in response to change but not always very effectively or with some delay	Institutions are highly adaptive, responding effectively and immediately to change
5. Capacity to monitor, evaluate, report and learn	Institutional	Institutions have effective internal mechanisms for monitoring, evaluation, reporting and learning	There are no mechanisms for monitoring, evaluation, reporting or learning	There are some mechanisms for monitoring, evaluation, reporting and learning but they are limited and weak	Reasonable mechanisms for monitoring, evaluation, reporting and learning are in place but are not as strong or comprehensive as they could be	Institutions have effective internal mechanisms for monitoring, evaluation, reporting and learning

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
5. Capacity to monitor, evaluate, report and learn	Individual	Individuals are adaptive and continue to learn	There is no measurement of performance or adaptive feedback	Performance is irregularly and poorly measured and there is little use of feedback	There is significant measurement of performance and some feedback but this is not as thorough or comprehensive as it might be	Performance is effectively measured and adaptive feedback utilized

Legend:

Baseline value	Change	Expected further change
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## Annex 2: FINANCIAL SCORECARD - ASSESSING ELEMENTS OF THE FINANCING SYSTEM

Component 1 – Legal, regulatory and institutional frameworks					COMMENT
<b>Element 1 – Legal, policy and regulatory support for revenue generation by PAs</b>	None (0)	A few (1)	Some (2)	Fully (3)	
(i) Laws have been reformed so that they do not constrain or act perversely towards PA revenue mechanisms			X		
(ii) Fiscal instruments such as taxes on tourism and water or tax breaks are introduced		X			
<b>Element 2 - Legal, policy and regulatory support for revenue sharing within the PA system</b>	No (0)	Yes, but suboptimal (1)	Yes, satisfactory (2)	Yes, optimally (3)	
(i) Laws, policies and procedures are in place for PA revenues to be retained by the PA system			X		
(ii) Laws, policies and procedures are in place for PA revenues to be retained, in part, at the PA site level		X			
(iii) Laws, policies and procedures are in place for revenue sharing at the PA site level with local stakeholders	X				
<b>Element 3 - Legal and regulatory conditions for establishing endowment or trust funds<sup>14</sup></b>					
	No (0)	Yes (3)			Trust Fund/s not established; there are regular annual transfers to PA managers from national budget, but cannot be described as 'robust financing'
(i) A Trust Fund have been created to finance the PA system	X				
	None (0)	Some (1)	Quite a few (2)	Fully (3)	
(ii) Trust Funds have been created to finance specific PAs	X				
	No (0)	Partially (1)	Quite well (2)	Fully (3)	
(iii) Trust Funds are integrated into the national PA financing systems	X				
<b>Element 4 - Legal, policy and regulatory support for alternative institutional arrangements for PA management</b>	None (0)	Partial (1)	Satisfactory (2)	Full (3)	
(i) There are laws which allow and regulate delegation of PA management and associated financial affairs for concessions		X			

<sup>14</sup> Where a PA system does not require a Trust Fund due to robust financing within government award full 9 points

(ii) There are laws which allow and regulate delegation of PA management and associated financial affairs for co-management		X			
(ii) There are laws which allow and regulate delegation of PA management and associated financial affairs to local government			X		
(iv) There are laws which allow and regulate delegation of PA management and associated financial affairs for private reserves		X			
<b>Element 5 - National PA financing strategies</b>	<b>Not begun (0)</b>	<b>In progress (1)</b>	<b>Completed (3)</b>	<b>Under imple- mentation (5)</b>	
(i) Policy for revenue generation and fee levels across PAs		X			
(ii) Criteria for allocation of PA budgets to PA sites (business plans, performance etc)		X			
(iii) Safeguards are in place to ensure that revenue generation does not adversely affect con- servation objectives of PAs	X				
(iii) Policy to require all PA management plans to include financial sections based on standard- ized format and criteria		X			
(iv) Degree of implementation of national financing strategy and adoption of policies		X			
<b>Element 6 - Economic valuation of protected area systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Satisfactory (2)</b>	<b>Full (3)</b>	
(i) Economic data on PA values exists		X	X		
(ii) PA economic values are properly documented	X	X			
(iii) PA economic values are recognized across government	X	X			
<b>Element 7 - Improved government budgeting for PA systems</b>	<b>No (0)</b>	<b>Yes (1)</b>			
(i) Policy of the Treasury towards budgeting for PAs provides for increased medium to long term financial resources in accordance with demonstrated needs	X				
(ii) Policy requires budgeting for PAs based on financial need as determined by the PA business plan	X				
(iii) There are policies that PA budgets should include funds for the livelihoods of communities living in and around the PA as part of threat reduction strategies	X				
<b>Element 8 - Clearly defined institutional responsibilities for PA man- agement and financing</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Improving (2)</b>	<b>Full (3)</b>	
(i) Mandates of institutions regarding PA finances are clear and agreed			X		
<b>Element 9 - Well-defined staffing requirements, profiles and incentives at site and system level</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Almost there (2)</b>	<b>Full (3)</b>	
(i) Sufficient number of positions for economists and financial planners and analysts in the PA authorities to properly manage the finances of the PA system		X			

(ii) Laws and regulations motivate PA managers to promote site level financial sustainability			X		
(iii) PA managers are accountable for balanced budgets			X		
(iv) TORs for PA staff include responsibilities for revenue generation, financial management and cost-effectiveness		X	X		
(v) PA managers have the flexibility to budget and plan for the long-term		X			
(vi) Incentives are offered for PA managers to implement business plans		X			
<b>Total Score for Component 1</b>	<b>0</b>	<b>14 (13)</b>	<b>12 (19)</b>	<b>0</b>	<b>SCORE: 26 New Score: 31</b>
<b>Component 2 – Business planning and tools for cost-effective management</b>					
<b>Element 1 - Site-level business planning</b>	<b>Not begun (0)</b>	<b>Early stages (1)</b>	<b>Near complete (2)</b>	<b>Completed (3)</b>	
(i) Business plans, based on standard formats, are developed for up to four pilot sites		X		X	
(ii) Business plans implemented at the pilot sites, measured by degree of achievement of objectives	X	X			
(iii) Business plans developed for all appropriate sites		X			
(iv) Business plans are directly linked to management plan goals and objectives		X			
(v) Preparation of participatory management plans including business plans in use across the PA network		X			
(vi) Monitoring and reporting on business plans through enhanced activity-based cost accounting that feeds into system wide accounting and budgeting	X	X			
<b>Element 2 - Operational, transparent and useful accounting and auditing systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Near complete (2)</b>	<b>Fully completed (3)</b>	
(i) Policy and regulations require comprehensive, coordinated cost accounting systems to be in place		X	X		
(ii) Transparent and coordinated cost and investment accounting systems are operational		X			
(iii) Revenue tracking systems for each PA in place and operational			X		
(iv) Regular monitoring and reporting of PA investments and revenue generation occurs			X		
<b>Element 3 - Systems for monitoring and reporting on financial management performance</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Near completed (2)</b>	<b>Done and operational (3)</b>	
(i) All PA revenues and expenditures are fully and accurately reported and tracked by govern-		X			

ment and are made transparent					
(ii) Positive return on investments from capital improvements measured and reported		X			
(iii) Financial performance of PAs is evaluated and reported (linked to cost-effectiveness)	X	X			
<b>Element 4 - Methods for allocating funds across individual PA sites</b>	No (0)	Yes (1)			
(i) National PA budget is appropriately allocated to sites based on criteria agreed in national financing strategy	X				
(ii) Policy and criteria for allocating funds to co-managed PAs complement site based fundraising efforts	X				There are currently no co-managed sites
(iii) A monitoring and reporting system in place to show how and why funds are allocated across PA sites and headquarters	X				
<b>Element 5 - Training and support networks to enable park managers to operate more cost-effectively</b>	Not available (0)	Partially done (1)	Almost done (2)	Fully (3)	
(i) Guidance on cost-effective management developed and being used by PA managers		X			
(ii) Operational and investment cost comparisons between PA sites complete, available and being used to track PA manager performance	X	X			
(iii) Monitoring and learning systems of cost-effectiveness are in place and feed into management policy and planning		X			
(iv) PA managers are trained in financial management and cost-effective management		X			
(v) PA managers share costs of common practices with each other and with PA headquarters <sup>15</sup>		X			
<b>Total Score for Component 2</b>	<b>0</b>	<b>12 (12)</b>	<b>4 (6)</b>	<b>0 (3)</b>	<b>SCORE: 16</b> <b>New score 21</b>
<b>Component 3 – Tools for revenue generation</b>					
<b>Element 1 - Increase in number and variety of revenue sources used across the PA system</b>	No (0)	Partially (1)	A fair amount (2)	Fully (3)	
(i) Analysis of all revenue options for the country complete and available including feasibility studies;	X	X			
(ii) There is a diverse set of sources and mechanisms generating funds for the PA system		X			
(iii) Increased number of PAs operating effective revenue mechanisms and generating positive returns		X			
<b>Element 2 - Setting and establishment of user fees across the PA system</b>	No (0)	Yes (1)			
(i) A system wide strategy and implementation plan complete and adopted by government for	X				

<sup>15</sup> This might include aerial surveys, marine pollution monitoring, economic valuations etc.

user fees					
(ii) The national tourism industry and Ministry is supportive and a partner in the PA user fee system and programmes	X				
(iii) Tourism related infrastructure investment is proposed for PA sites across the network based on revenue potential, return on investment and level of entrance fees	X				
(iv) Where tourism is promoted PA managers can demonstrate maximum revenue whilst still meeting PA conservation objectives		X			
<b>Element 3 - Effective fee collection systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Towards completion (2)</b>	<b>Full (3)</b>	
(i) A system wide strategy and implementation plan complete and adopted by PA authorities (including co-managers) for fee collection			X		
<b>Element 4 - Marketing and communication strategies for revenue generation mechanisms</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Satisfactory (2)</b>	<b>Full (3)</b>	
(i) Communication campaigns for the public about the tourism fees, new conservation taxes etc are widespread and high profile		X			
<b>Element 5 - Operational PES schemes for PAs<sup>16</sup></b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Progressing (2)</b>	<b>Full (3)</b>	
(i) A system wide strategy and implementation plan complete and adopted by government for PES	X				
(ii) Pilot PES schemes at select sites developed	X				
(iii) Operational performance of pilots is evaluated and reported	X				
(iv) Scale up of PES across the PA system is underway	X				
<b>Element 6 - Operational concessions within PAs</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Progressing (2)</b>	<b>Full (3)</b>	
(i) A system wide strategy and implementation plan complete and adopted by government for concessions	X				Based on National Parks Law and regulations passed by PENP, rights to use NPs resources are granted to different private entities and service providers; however, systematic approach and evaluation are lacking
(ii) Concession opportunities are identified at the site and system levels		X	X		
(iii) Concession opportunities are operational at pilot sites		X			
(iv) Operational performance of pilots is evaluated, reported and acted upon	X				

<sup>16</sup> Where PES is not appropriate or feasible for a PA system take 12 points off total possible score for the PA system

<i>Element 7</i> - PA training programmes on revenue generation mechanisms	None (0)	Limited (1)	Satisfactory (2)	Extensive (3)	
(i) Training courses run by the government and other competent organisations for PA managers on revenue mechanisms and financial administration	X				
Total Score for Component 3	0	6	2 (4)	0	SCORE: 8 (10)

Legend:

Baseline value	TE value
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## **Annex F: Evaluation Consultant Agreement Form**

### **Code of Conduct Agreement Form**

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

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### **Agreement to abide by the Code of Conduct for Evaluation in the UN System**

Name of Consultant: Max Kasparek and Aleksandra Crvenica

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at Heidelberg and Podgorica on 21.05.2015

Signatures: \_\_\_\_\_